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WEALTH



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GLEN B. WINSHIP

WEALTH

BY
GLEN B. WINSHIP

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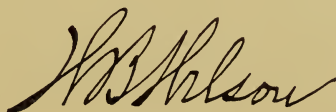
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Foreword

NOTHING more timely than Mr. Glen B. Winship's book on "Wealth" could have appeared. It deals with basic economic problems in a vividly clear and interesting manner. Mr. Winship brings the subject up to date, —up to the minute, in fact—in its relation to existing questions of world consideration.

Without an antagonistic word in any direction, he develops by plain reasoning and logic, the philosophy which he believes must be recognized and understood, if mankind is to improve on present-day methods of creating and distributing wealth. The great merit of the book is, that it clears the path of much intellectual debris,—sophistries and casuistries on the one hand, superficialities and fallacies on the other. It aims at the Truth—with malice towards none and with the desire of justice for all.

The style is simple, entertaining, delightful. Comprehensive brevity would describe its prevailing characteristic. One lays down the volume with the feeling that a new and helpful force has entered the lists for right-wiseness in the adjustment of the social and economic problems which confront the world.



Secretary of Labor.

ALDEN MAY 18 1954

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Author's Foreword

HONEST men may disagree, because men may honestly believe an untruth. It is foolish for one to attempt forcing his beliefs upon another, but we benefit by exchanging ideas. It was with this in mind that I attempted to outline some of the principles underlying the success or failure of individuals and of nations. Here are some of the questions which presented themselves:

What is wealth, and how is it accumulated?

How does the "national" wealth affect the well-being of the individual?

How can the cost of living be reduced?

Why will we have "hard times" unless our foreign trade is large?

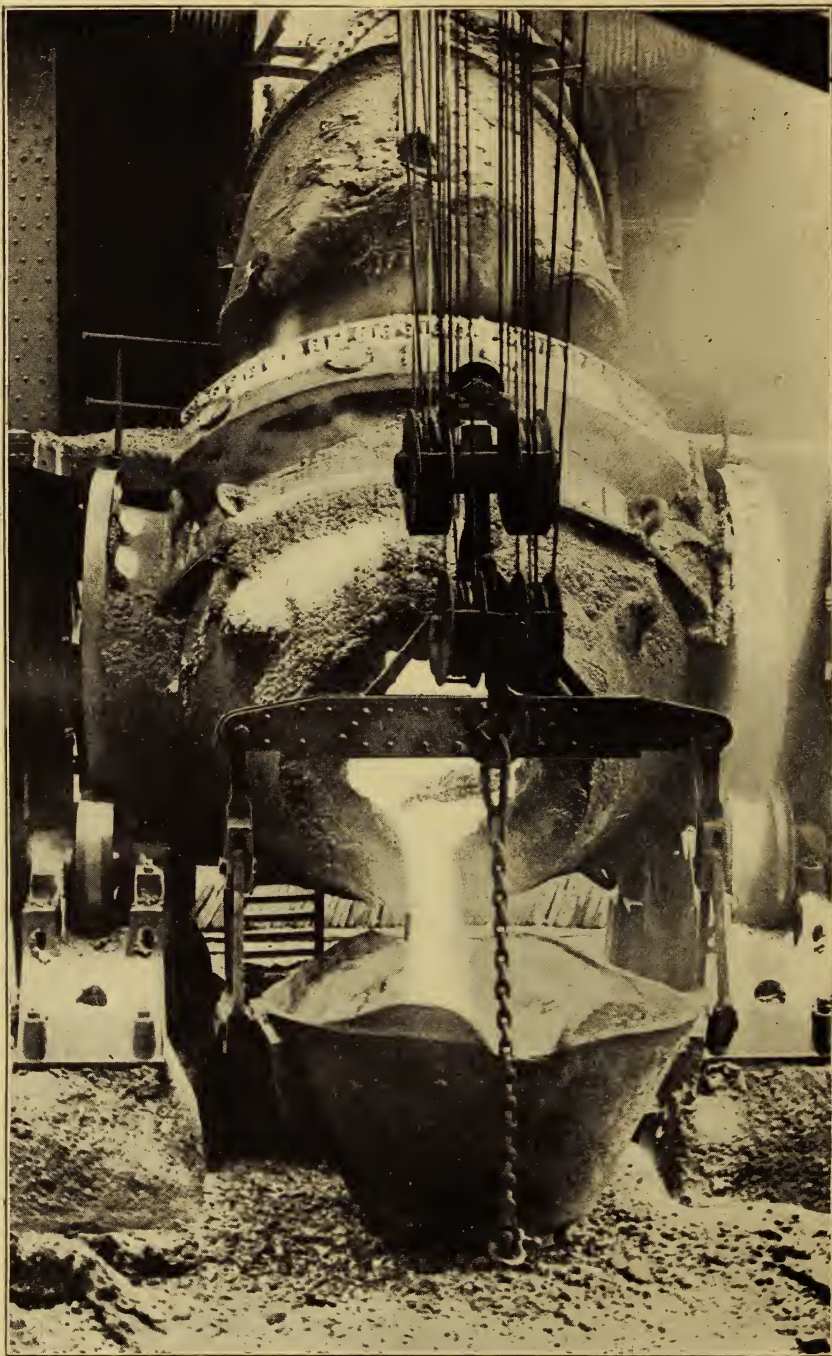
Is "paternalism" a function of Government?

What is the difference between socialism and cooperative individualism?

As champions of democracy, is it consistent for us to prepare for an era of keen competition among the nations?

These are broad questions, and should be considered carefully by every citizen *before* attempting to form conclusions as to the merits of the many specific proposals which are being put forward by economic reformers. Frequently, the details of such proposals tend to cloud their basic character. Consequently, in the six articles here reproduced from SINCLAIR'S MAGAZINE, I tried to avoid the relatively unimportant details and to confine attention so far as possible to fundamental truths.





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Molten copper flowing into a ladle which carries it to the plate molds in a large smelter. Scenes such as this were made possible by the advent of machinery

WHAT IS WEALTH

and How is it accumulated?



PRIOR to the war the wealth of the United States was estimated at almost one hundred eighty-eight billion dollars. This was more than twice the wealth credited to us in 1900, and almost three times our wealth in 1890.

What constituted that wealth? The total was stated in dollars, but gold and silver coin and bullion made up less than one and one-half per cent. of the total. In fact, there was not in all the world enough metal money to cover a tenth of this single nation's wealth.

Real estate and its improvements were valued at more than one hundred ten billion dollars, or almost sixty per cent. of the total. This same item in 1900 was less than fifty-three billions. What caused this tremendous increase? Obviously the improvements made since 1900 could not have amounted to fifty-seven billions. The entire estimated wealth of the country in 1880 was less than forty-four billions. The land itself has become more valuable, although most of the land is practically the same to-day as it was a generation ago.

In Wyoming there is twice as much land as in New York, yet the land in New York is worth more than the land in Wyoming. This difference is not accounted for by comparing the fertility of the soils in those two states. Barren rocky land in New York City is worth more than the most fertile farming land "up-state."

The difference in value is due to a difference in demand, and demand reflects human desire. The land in New York is wanted more than the

land in Wyoming because it will satisfy more human wants.

The average square mile of land in the United States prior to the war embraced \$63,129 of wealth, according to the latest available Government estimate. In the Middle Atlantic states—New York, New Jersey and Pennsylvania—the average was \$462,117 to the square mile, while in the Mountain states the average was only \$7,860 to the square mile.

Why should there be almost \$60 of wealth in these Eastern states to \$1 of wealth in the Mountain states? The answer may be suggested by citing what the people in those states have been able to do in serving their own needs and the needs of others.

In each of these states, more or less food and a variety of useful articles were produced, but in the Middle Atlantic states the production of agricultural and manufactured goods was relatively more than one hundred times the production of similar goods in the Mountain states. The value of these goods consisted in their ability to serve human wants. Most of these goods served human wants directly, but the same principle applies to the properties employed in producing the goods, though most of their service must be indirect.

The wealth in these states was utilized in other ways as well as in producing agricultural and manufactured goods, but these activities are sufficiently important to point directly to the reason for the big difference in the appraisals of wealth in the two sections.

Suppose you were able to prove that a large deposit of coal existed five miles under your farm. Would

that fact add to the value of your property? Coal is known to be valuable, but its value consists in its ability to serve human wants. If no one can imagine how coal could possibly be recovered from a depth of five miles it would have no value because no one would believe that it could be made to serve human wants, yet the coal itself might be of better quality than could be obtained near the surface. Coal, then, is not a form of wealth, but its ability to serve human wants is wealth.

In the estimate of the Nation's total wealth, the value of labor is not separately appraised. When we speak of coal's ability to serve, it is presupposed that labor will be employed in the process. Wealth has even been defined as "frozen, or crystallized, labor," but that definition is misleading. If a man digs into the ground and by arduous effort brings coal to the surface, the value of his labor is in the coal's ability to serve some human want. But the value of the labor is not all of the value of the coal. The man might dig for the same length of time and expend the same amount of effort bringing a like quantity of dirt to the surface. The dirt would have no value because it could not serve a human want, and as the value of his labor would be in the dirt's ability to serve, the labor in that case would be of no value. A part cannot be greater than the whole. In the former case, the qualities of the coal gave value to the labor, and the labor gave value to the coal. Neither can be given all the credit. The value of labor was not separately appraised in estimating the Nation's wealth, because the estimate in each instance must presuppose the employment of labor. The value of labor, as the value of things, is determined by its ability to serve human wants. When this service of labor is indirect—that is, when employed in producing things which in turn serve human wants—

the value of the labor is tied up in things produced and can be realized only through the service provided by those things. This may be illustrated by another reference to coal.

If a man recovers coal by his own labor from land which he owns, he may realize the value of his labor by burning the coal in his home. He may cause the coal to serve his own wants. But if he wants a suit of clothes more than he wants heat, he must still realize the value of his labor from the coal's ability to serve some other man's wants. He sells the coal and receives money as a token of its value, and with this token he buys clothes. But it should not be forgotten that the value of the coal was not determined by the amount of labor expended in bringing it to the surface. Whether the man worked two hours or two months to perform the labor, the value of the coal was determined by its ability to serve a human want. The value of the labor is no greater than the service it performs. In laboring, energy is expended, but the value is not determined by the *amount* of energy expended, but instead by what the energy *accomplishes*.

While the value of a thing is its ability to serve human wants, the conclusion should not be drawn that service is wealth. When coal is burned it ceases to be coal; it served while burning, and its service as coal is ended. Coal's ability to serve—that is, coal as potential service—is wealth, but when its service ceases to be potential and becomes actual instead, it ceases to be wealth. Similarly, wheat's ability to serve human wants is wealth, but when wheat is eaten it ceases to be wealth. The service which was potential has been performed.

Machinery which can be employed indirectly or directly in serving human wants is a form of wealth (that is, its ability to serve is wealth, but this exactness of phraseology may now be waived), but as the

service is performed its ability to perform additional service is gradually exhausted, until finally its value is gone. Its store of potential service has been drained; it has ceased to be wealth.

Land, of course, is similarly a form of wealth, and a stable form, because its ability to serve human

If this is wealth, how can it be accumulated?

The phrase, accumulation of wealth, suggests to many merely the piling up of money in banks. Money is not valuable for what it is, but for what it will buy. Metal coins are usually looked upon merely as money, but they may be looked upon



"When we speak of coal's ability to serve, it is presupposed that labor will be employed in the process"

wants is seldom exhausted. But land may be robbed of much of its richness; by improper agricultural methods its ability to serve may be lessened, and its value decreases correspondingly. On the other hand, its ability to serve may be increased, thereby increasing its value.

Wealth, then, may properly be defined as potential service to mankind.

also as a commodity. As metal they are a commodity; as coins they are money. Considered as metal, their ability to serve human wants is wealth; but considered as money they are not wealth, but merely tokens of wealth, because the possession of money gives no satisfaction except through the knowledge that in exchange for money the possessor's wants may be served. Values

are measured in money, and money is paid as a token of value received. A dollar, as a money unit, stands for a unit of service or of ability to serve; the possessor of a dollar has evidence that a unit of service has been given (though not necessarily by the possessor) for which a unit of service may be obtained in return.

Agriculture is one of our most important sources of wealth. American crops each year are worth billions of dollars. But crops are not stable forms of wealth; they must serve human wants quickly or their ability to serve is lost. The same may be said of most of the live-stock products. Forest products are more stable, and the products of mines are still more stable, but most of these products must be manufactured into articles before their service can be performed. Many of the agricultural products also are made more stable by manufacturing; in fact, agricultural wealth amounting to millions of dollars annually is saved to the world by the manufacturing process.

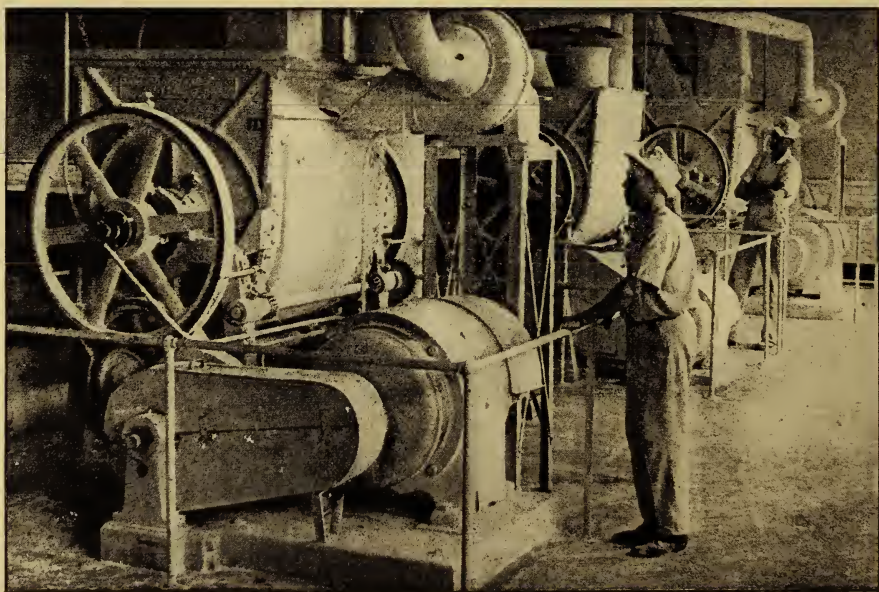
The relative importance of these

sources of wealth and their mutual dependence may be illustrated best by concrete facts. In the year 1914 the value of all crops in the United States was estimated as slightly more than six billion one hundred million dollars. There has been a rapid increase since the war started, but the significance of that increase will be discussed in a subsequent article. The larger part of these crops was consumed within less than a year. Broadly speaking, crops are not accumulated, so the raising of crops does not directly result in the accumulation of wealth.

Live-stock products were valued at almost three billion eight hundred million dollars, but most of these also were quickly consumed.

The value of manufactured products in that same year was estimated as approximately twenty-four and a quarter billion dollars, or about three times the total value of crops.

Each of these three totals involves more or less duplication. If the crops were all "wild," they could all be classed as primary or original products. In actual fact, a large



A battery of dough-mixing machines in a big baking plant in Minneapolis

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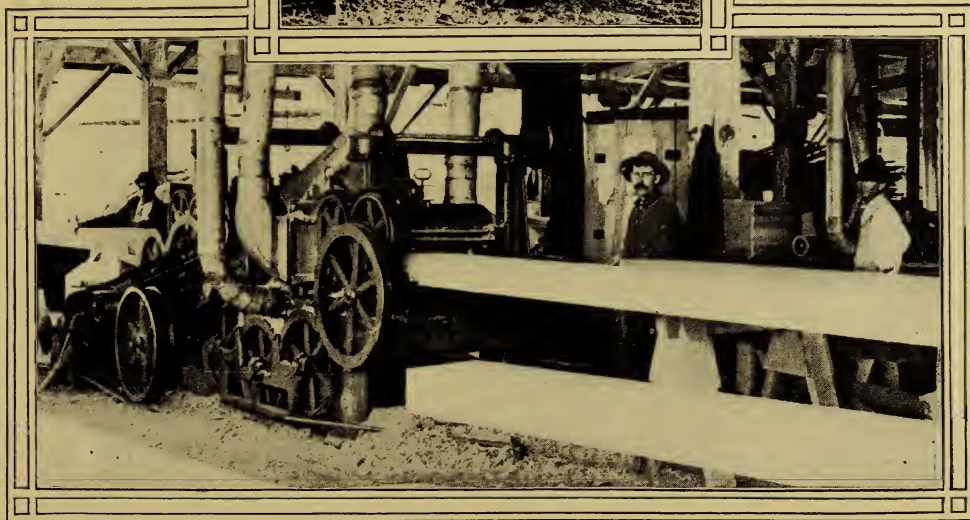
a m o u n t o f
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p r e v i o u s c r o p s .

The duplication in the live-stock estimate is larger, because live-stock must be fed and the feed consists of crops almost entirely.

There is an even greater du-



raising, mining and a variety of other activities. But the mutual dependence of these activities continues in a circle. The farmer uses manufactured products in the planting and harvesting of crops, in clothing and housing his family, and it is by the use of manufactured prod-



UPPER PHOTO BY CENTRAL NEWS, LOWER PHOTO © U. & U.

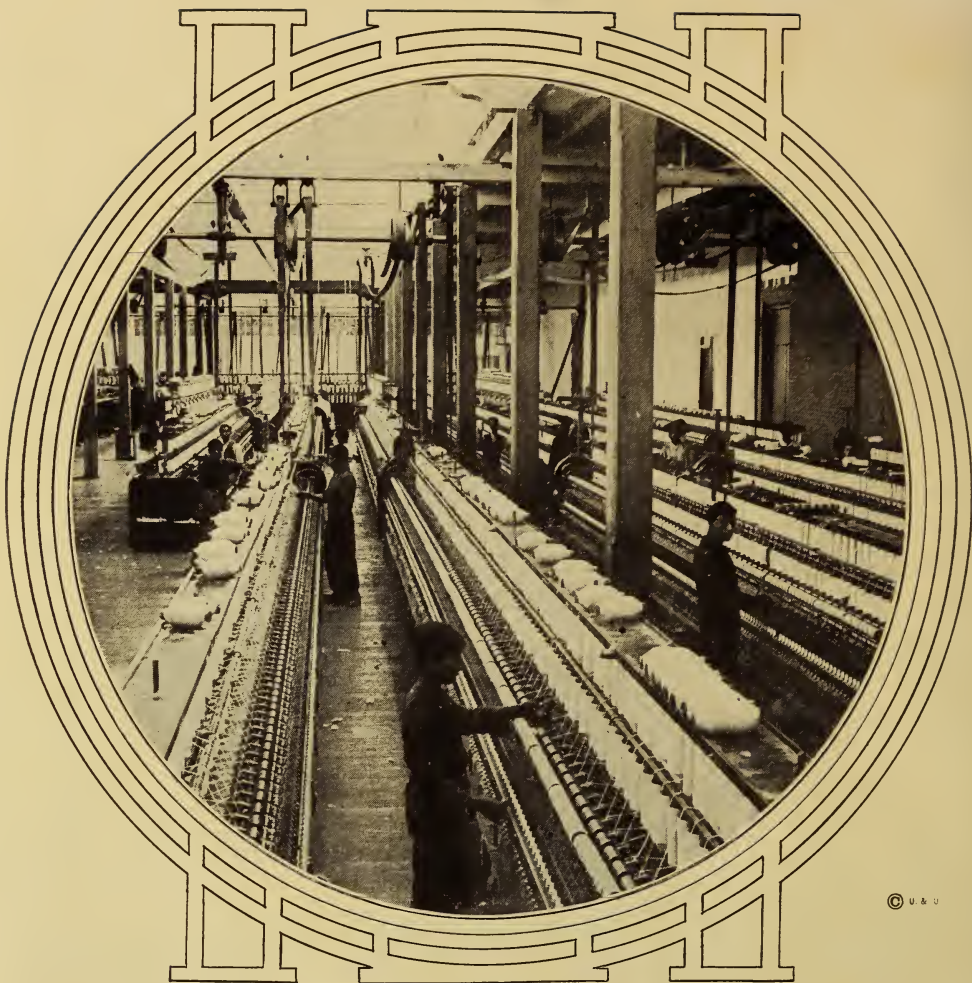
The value of forest products is increased by converting them into more useful forms

plication in the manufacturing estimate, because nothing can be manufactured unless raw materials are first produced. So in the twenty-four billion total is included the value of animal, vegetable and mineral products, worth in the aggregate more than fourteen billion dollars.

Agriculture, then, is dependent for success upon former agricultural activities; the raising of live-stock products is dependent upon agriculture; and manufacturing is dependent upon agriculture, live-stock

ucts that all kinds of raw materials and the manufactured products themselves are distributed.

All the industries must progress together. For the service of crops and live-stock products, the farmer or ranchman receives money as a token of value. This token he may surrender in return for manufactured products. Part of these products he consumes immediately, but part he adds to his equipment. In other words, he produces unstable wealth in the form of crops, etc., and with the money received as a



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A spinning room in an American cotton mill provides excellent illustration of how machinery aids in serving human wants

return token he buys manufactured goods, thereby supporting the activities of persons engaged in producing more stable forms of wealth, such as machinery, etc. The persons engaged in producing these more stable forms of wealth receive money as a return token, and in exchange for the token of value their own wants are served. So each helps to support the activities of the rest.

When the farmer adds to his equipment, thereby increasing the productive capacity of his property, the value of his holdings is increased more than the amount paid for the additional equipment. The manufacturer who converts crops into more stable forms of wealth adds

value to the crops, and the manufacturer who converts the products of mines into machinery adds to the value not only of the raw materials employed, but also of the lands of the agriculturist who utilizes the machinery.

As already stated, the materials employed in manufactures in 1914 were worth more than fourteen billions. By the process of manufacture their value was increased almost nine billion nine hundred million dollars. Almost ten billion dollars added to the wealth of the Nation by manufactures directly!

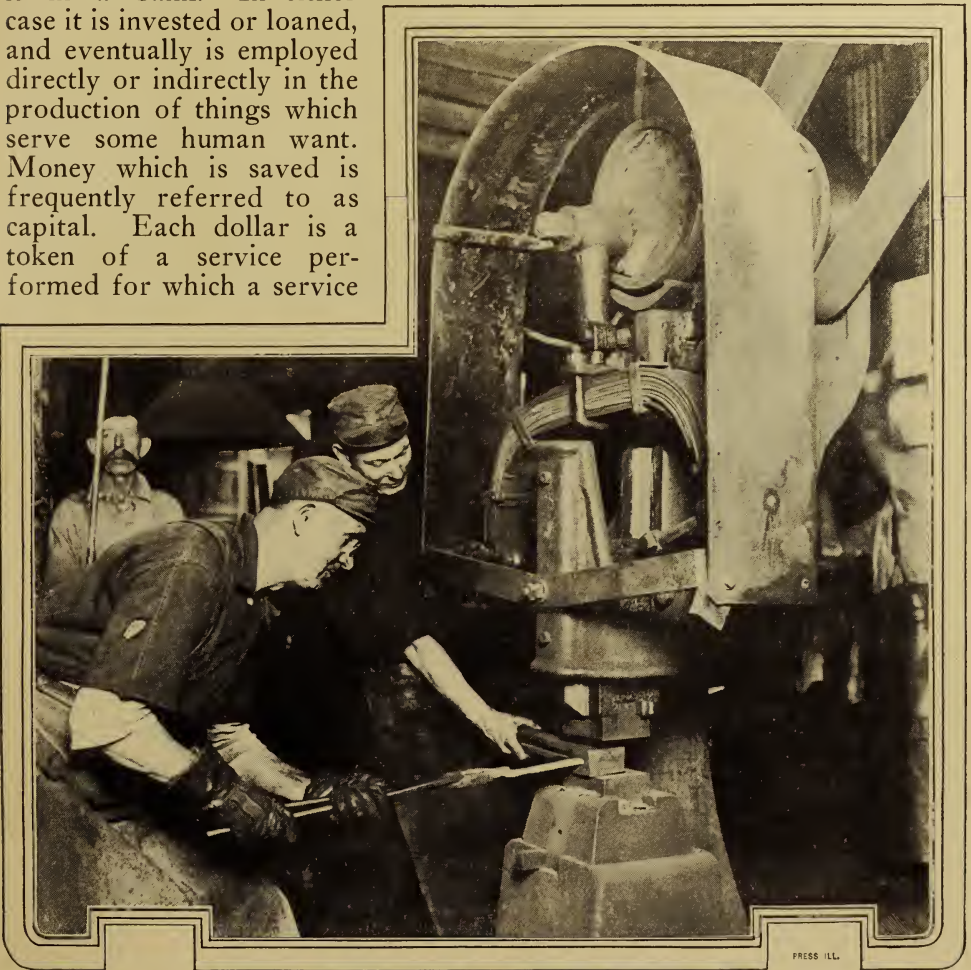
Part of this added wealth was comparatively unstable; food, though manufactured, is soon eaten and such articles as clothing are

quickly "worn out"; their service, which was potential, becomes actual instead, and the wealth which was created is consumed. But part of the added wealth is comparatively stable, and as it is coordinated, and put to work in the indirect service of human wants it adds value to lands or takes such forms as railroads, power-plants and factories. The value of these things is their ability to produce or to aid in the production or distribution of the things which serve human wants directly.


The efficient producer finds that he is receiving for his products more money than he needs to exchange for added equipment or for other manufactured articles. He may invest the surplus or may deposit it in a bank. In either case it is invested or loaned, and eventually is employed directly or indirectly in the production of things which serve some human want. Money which is saved is frequently referred to as capital. Each dollar is a token of a service performed for which a service

can be obtained in return and whether it is invested directly or loaned at interest it represents a unit of wealth—a unit of potential service to mankind. Capital is valuable only because the things it represents are capable of serving human wants; capital cannot earn profit unless those things actually do serve human wants.

The accumulation of wealth is the accumulation of potential service to mankind—the accumulation of the ability to serve human wants. Discussion of how wealth is accumulated will be continued in the next issue, because a proper understanding of this question is vital to any practical consideration of America's unpreparedness for peace.


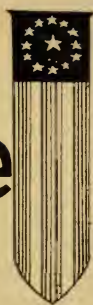


A trip-hammer working on an eccentric gives 1,000-pound blows at the rate of 200 blows a minute. This picture illustrates the forging of levers. It would be tedious, indeed, for men, unaided by machinery, to perform such tasks



AMERICA

Unprepared *for* Peace



In the first article of this series it was shown that (a) wealth is potential service to mankind, and (b) the accumulation of wealth is the accumulation of potential service to mankind—the accumulation of the ability to serve human wants. This phase of the subject was dwelt upon at some length because it is of basic importance in any practical consideration of America's unpreparedness for peace.

TWO factors in producing wealth are matter and man. Matter without man is not wealth; man without matter cannot produce wealth. There are many kinds of wealth, involving many kinds of matter and many kinds of men, but one factor should be considered at a time.

Matter is grouped naturally in three great classes: vegetable, animal and mineral, and these were used by man in the order named. Agriculture has been practised for thousands of years; the animal kingdom also has paid its tribute of service to man since prehistoric ages; minerals likewise have been used more or less through many centuries, but not until modern times were they extensively employed. Until they were extensively employed, the accumulation of wealth was slow and laborious.

Crops thrived after man learned to make efficient agricultural implements. In making these implements, man converted mineral matter into useful forms, thereby creating

wealth in two ways; i. e., the implements themselves had value because of their potential service, and value was added to the land because more abundant crops could be raised with the aid of the implements.

But there was little incentive to the raising of large crops which could not be sold, and they could not be sold unless they could be distributed. The distribution of large crops involved the making of roads and vehicles, the digging of waterways, the establishment of railways, and the building of ships. All of these accomplishments involved the use of machinery, in the manufacture of which mineral matter was converted into useful forms.

In spite of these facilities, the process of distribution was not perfect. Vast quantities of agricultural products were spoiled and their wealth was lost. Gradually an increasing proportion of these products was modified or converted into less perishable forms. Consequently, the relative losses of agricultural wealth were reduced, and relatively more was preserved for the service

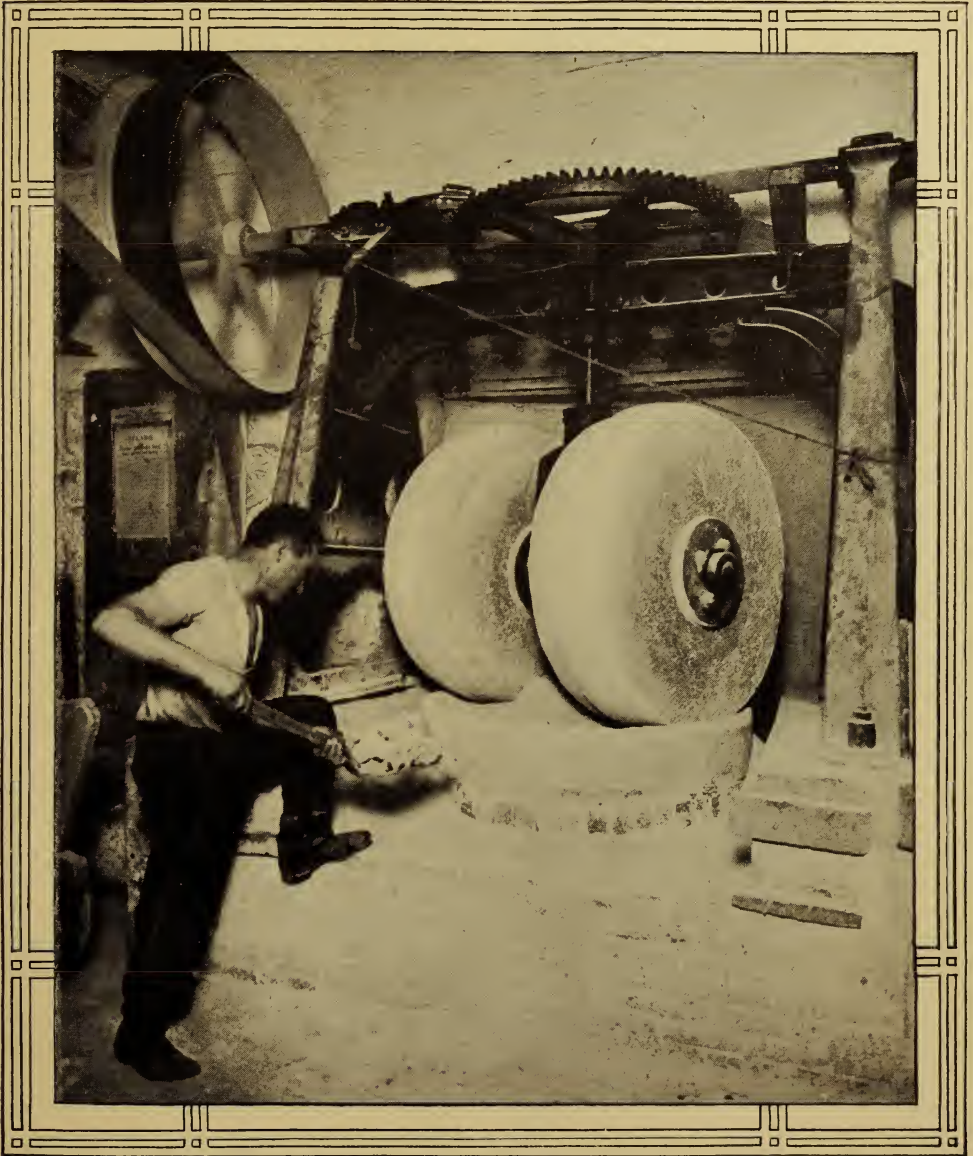
of human wants. This saving was made possible by the employment of machinery and other converted forms of vegetable, animal and mineral matter.

While man was learning how to produce and to distribute larger and better crops, he was learning also to make better clothing and more of it. In this also he converted vegetable, animal and mineral matter into useful forms, some of this

matter going directly into articles of wearing-apparel, but much into the equipment needed in manufacturing.

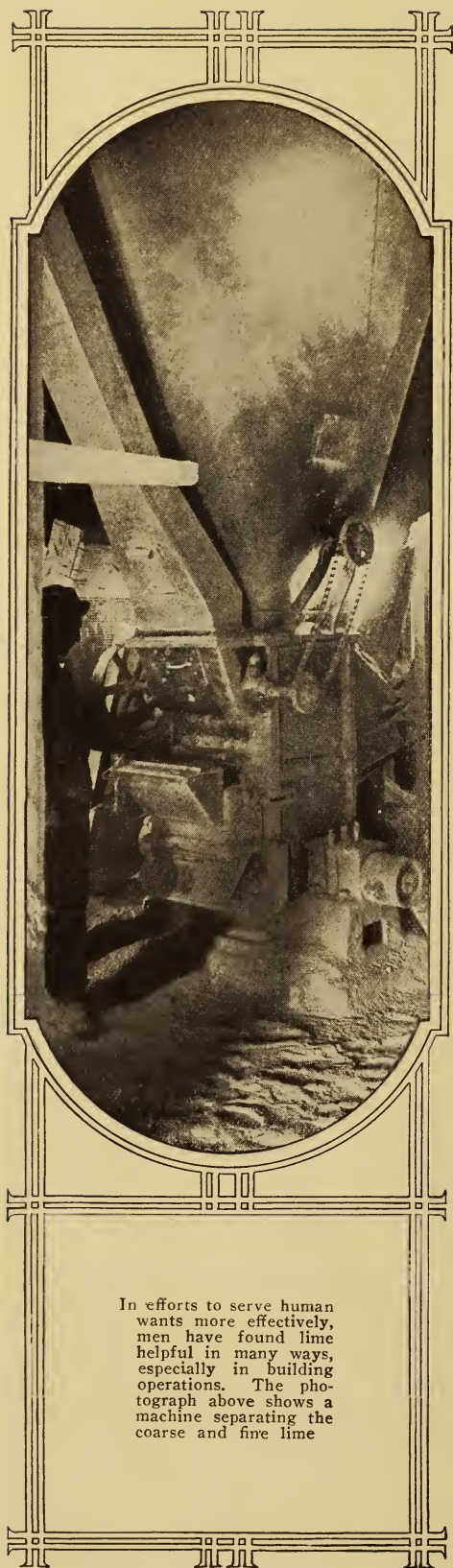
So man was better fed and better clothed.

For his bodily comfort, man wanted more than food and clothing. He was not satisfied to live in a cave or dug-out, or in a one-room cabin. He wanted a well-built house, with several rooms. He was not



PRESS ILL.

Pottery is an ancient industry but the introduction of machinery has simplified the manufacturing process. The device pictured above grinds old bone and similar materials in order to put them to new uses in the service of mankind



In efforts to serve human wants more effectively, men have found lime helpful in many ways, especially in building operations. The photograph above shows a machine separating the coarse and fine lime

satisfied with a bed of straw. He wanted one raised from the ground with springs and mattress and with covers which would not rasp the skin. He was not content to sit on a bench and eat from a rough-hewn plank. He wanted chairs which would fit his form and blend with his varying moods, a polished table with a cover which could be changed, and dishes to supplant the common "pot." He tired of pumping water, and of carrying smoky lamps. He craved the convenience of faucets, gas-jets and electric fixtures. Food cooked over blazing logs was too often burned on the outside and raw on the inside, and it smelled too much of smoke. He wanted stoves, and then he wanted furnaces.

How could all these wants be served? Could any one man, unaided, extract minerals from the ground, fashion them into tools, hew trees, erect a house and furnish it, making the furniture and dishes, the piping for water and gas; could he at the same time provide the food, and weave the cloth and gather the fuel to protect his body from cold? Yet all these things are commonplace in a country like America; the poorest are served better in many respects than the richest in days gone by.

There were various courses open to the individual who wanted more than he had. If a specific thing was wanted, he might steal the thing itself or he might steal enough money to buy it, but men resist violations of their rights, and most men soon learn that in the long run stealing is not even profitable. If he chose to earn money so that he could buy what he wanted, he could personally serve another, or he could employ his energies directly or indirectly in the production or distribution of things which would have value because they could serve some human want.

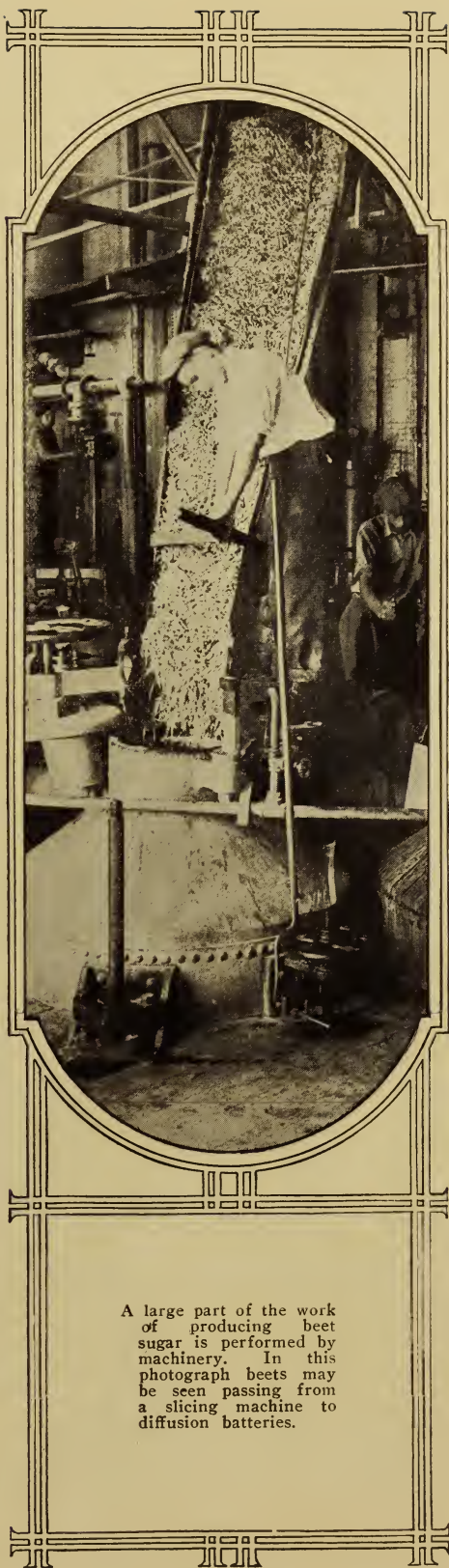
In return for the direct or indirect service performed, he received certain money units as a token and

measure of value received. These money units represented the true value of his service unless some one is cheated. Cheating is disguised stealing, and because it is disguised, it is not so easily detected. Consequently, men are slower in recognizing the fact that cheating or any other disguised form of stealing is not even profitable in the long run, but as men progress they are better able to guard their rights and the unscrupulous are brought to justice.

If he was frugal, the individual spent less than he earned. That is one way of saying that he was served less than he served. The same idea is sometimes expressed in the phrase: the frugal man consumes less than he produces. If man spends all of his earnings in serving his immediate wants, then he is consuming as much as he is producing; he is being served as much as he is serving. But as he grows old his ability to serve is lessened, and unless he is aided by some one who has been frugal, the amount of service he can obtain decreases with his ability to serve, until finally he can no longer support life.

A man who is merely frugal restricts his wants, lest the service of his wants exceed the service he can perform. If he is ambitious also, he strives to increase his service value, so that the service of his wants need not always be restricted. He realizes that his own energies are limited, and he knows that with tools he can accomplish more than with his bare hands. So he denies himself some actual service that he wants, so that with part of his earnings he can buy the potential service of tools. The potential service of tools is wealth, and his energies plus the wealth can perform a greater number of units of service.

His earnings are larger, but he continues to deny himself actual service that he wants, so his savings increase more rapidly. He knows that even with tools, the service he can perform with his hands is lim-



A large part of the work of producing beet sugar is performed by machinery. In this photograph beets may be seen passing from a slicing machine to diffusion batteries.

ited, and ambition spurs him on. Finally he buys a machine which will do the work of many tools. Again he has exchanged his savings for wealth (the potential service of the machine being wealth), and his energies plus the wealth can perform an even greater number of units of service.

In buying the tools and then the machine, he helped to support the activities of men engaged in the production of such articles. These men were creating wealth by converting matter into useful forms, but they would not have been so engaged had there not been other men to buy their products, and no one could buy their products unless some one had saved by being served less than he served.

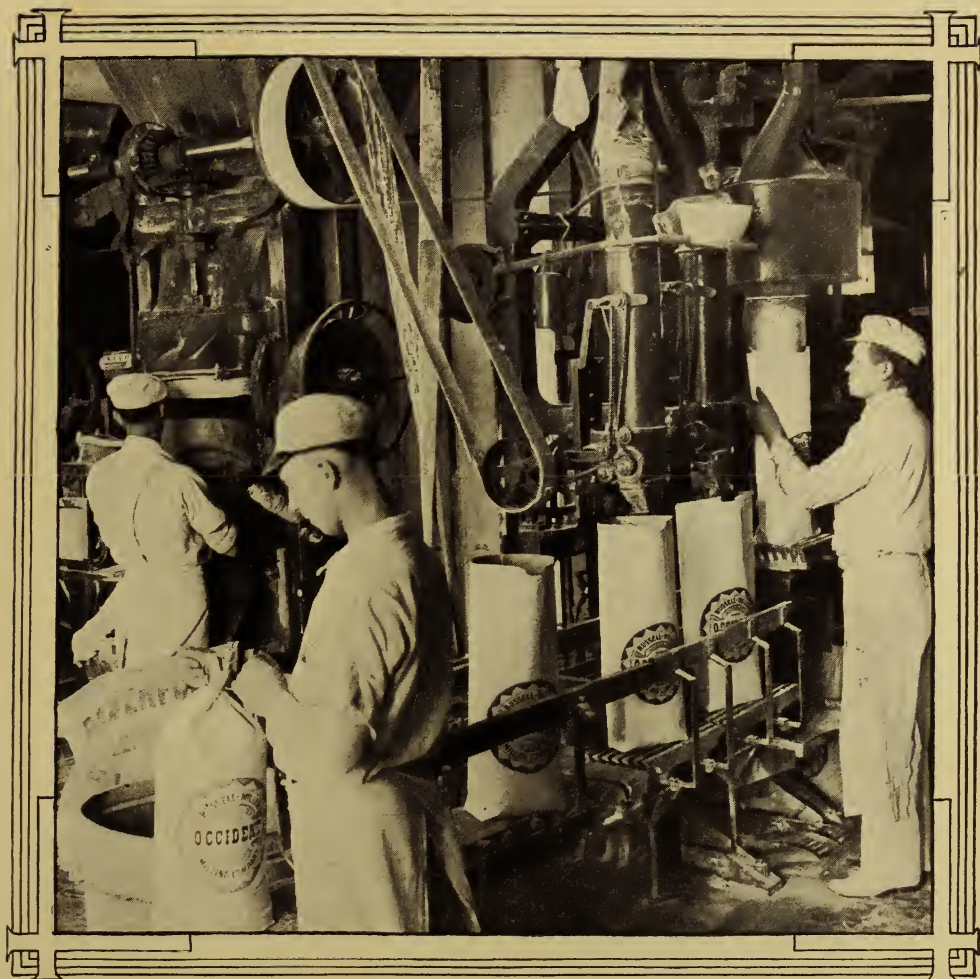
The man who bought the machine was spurred on by his wants. He was ambitious, and he knew that the only way to realize his ambition was

to be frugal. He consumed or was served less than he served. With his savings he supported and helped to make possible the production of wealth by others, and by adding this wealth to his energies, his earnings were increased until eventually he could enjoy not only the actual services of which he denied himself but much more than would otherwise have been possible. While increasing his own wealth, he was aiding others to increase their wealth. While he was developing his ability to serve, others were likewise developing their ability to serve, because for every service performed some one must pay, and in the final analysis the pay must be in units of service. Each individual is spurred on by his own wants, and whether he analyzes the subject or not, he learns that the quickest and easiest way to serve his own wants is to serve the wants of others, indirectly if not



CEN. NEWS

War's necessities have forced many economies in the preparation of food, and perhaps the most important of these have been economies in man-power, made possible by the use of machinery. This picture shows the making of hash for United States troops



A by-product of the flour industry being weighed and sacked by automatic machinery

© U. & U.

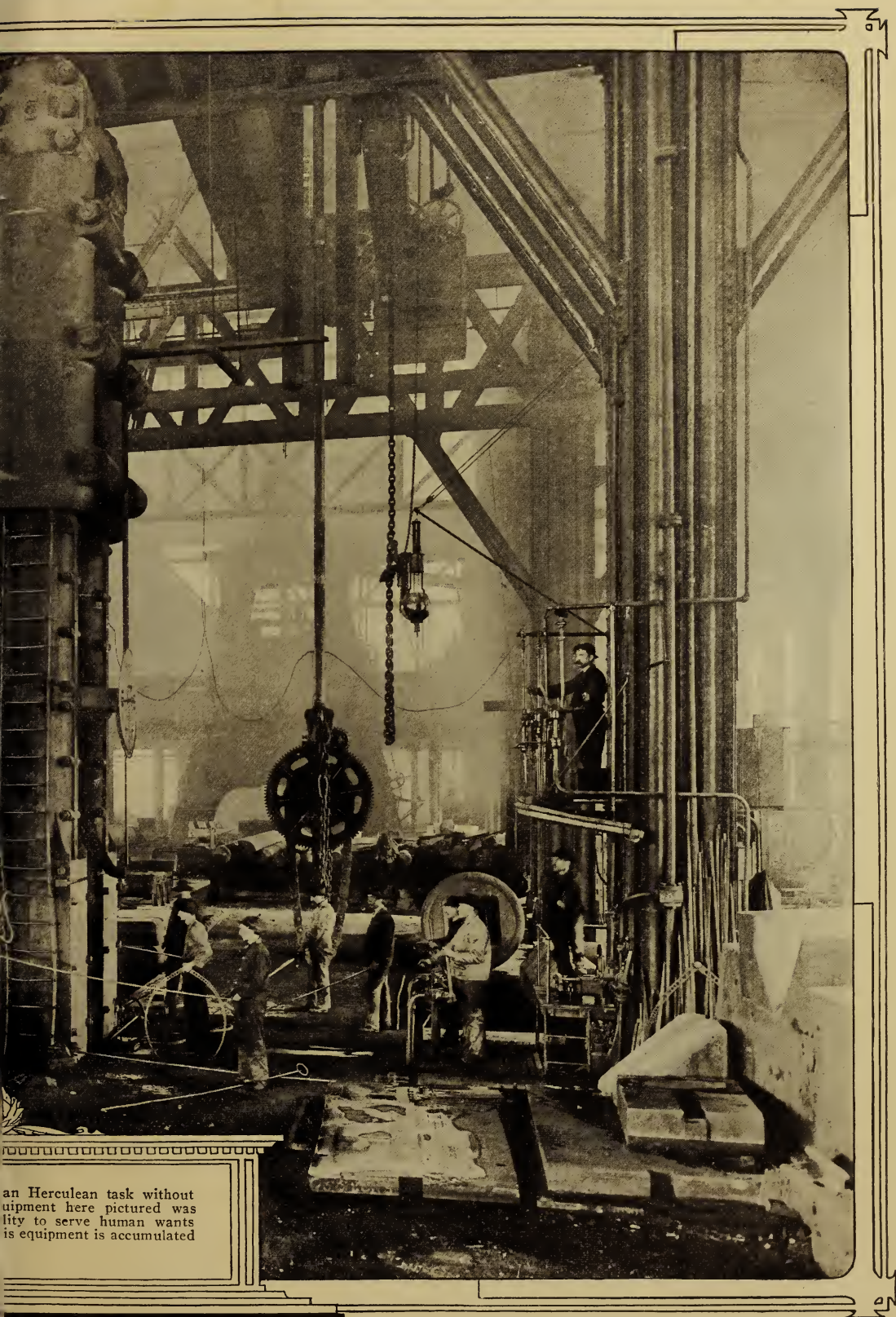
directly. The ambitious individuals study the wants of others and devise ways of serving those wants better than they are being served, because in this way money can be obtained. The proportion of ambitious Americans has always been large. By saving, and by devising new means of serving the wants of their fellows, they have developed wonderful facilities for service. It is this ability to serve that we mean when we refer to the national wealth. Americans

are fed with better and more abundant food; they are well clothed and housed; all may enjoy at least some of the so-called "modern" conveniences. More of their wants are served than would have been thought possible a few generations ago. This does not mean that they are satisfied. As one want is served, another springs up. If no one wanted more, then there would be no incentive to effort. Satisfaction would end progress.

(The effect of national wealth upon the well-being of the individual will be shown more clearly in the next article, consideration being given to the question "How can the cost of living be reduced?")



Forging massive ingots with
the aid of machinery.
not made in a day. In
(though its service is indicative
wealth.



an Herculean task without
equipment here pictured was
lity to serve human wants
is equipment is accumulated

PUB. PHOTO SER.



Lime in its various forms is used extensively in construction work, in tanning, and in the making of nitrogenous fertilizers and of fungicides. Its effect upon our social status is therefore extensive. The photograph here reproduced shows lime being drawn from a kiln and sorted



GEN. NEWS

How Living Costs Can be Reduced

Wealth was defined in the first article of this series (Nov. 1918) as potential service to mankind, and the accumulation of wealth was shown to be the accumulation of potential service, which might be referred to loosely as the ability to serve human wants. In the second article, was a brief description of the way in which "national wealth" was accumulated, thereby making possible the enjoyment by individuals of conveniences and advantages which could not have been obtained in any other way.



IF the hill will not come to Mahomet, Mahomet will go to the hill."

The solution was simple.

It required merely the use of energy in accordance with, not in defiance of, natural laws.

Various rulers, legislators and unofficial quacks have repeatedly commanded the "cost of living" to decline, but living costs have always disregarded commands, though sometimes they have been affected temporarily. Even the hill may have vibrated to Mahomet's call.

To say that living costs could easily be reduced would be absurd, but it is not at all difficult to understand what must necessarily be done if they are to be reduced. The underlying principles are almost as simple as was the solution of Mahomet's problem.

The statement that prices are regulated by the "law of supply and demand" has become trite. It has been bandied about so frequently, often without thought as to its real meaning, that many men believe this

so-called "law" is merely a nostrum—a catch phrase which could have little practical meaning except in an ideal state of society.

Living costs involve prices, so if we are to get at the heart of this question, avoiding superficial niceties of economic discussion, the first thing to consider is how prices are determined.

Suppose any man—yourself, for instance—wants some specific article. It is offered to you for fifty dollars. Assuming that you are able and free to do as you wish, if you want the article more than you want fifty dollars, you exchange the dollars for the article. If you want the fifty dollars more than you want the article, you do not buy. There is no other alternative: either you buy or you do not buy. The determining factors are your own desire, and your ability to satisfy your desire.

Now, suppose that you own an article which some one else wants. Fifty dollars is offered. Assuming freedom and ability to do as you wish, if you want the fifty dollars more than you want the article, you sell; if you want the article more than you want the fifty, you do not sell. There is no other alternative: either you sell or you do not sell. The determining factors are your own desire, and your ability to satisfy your desire.

These statements need not be modified when "necessities" are considered. If an article is necessary in order to enable you to live, you want that article more than you want any amount of money. So, if the article cannot be obtained in any other way, you will offer in exchange all that you possess.

Either the prospective buyer or the prospective seller may decline to make a trade because he believes he will be able to obtain better terms at a subsequent time. The prospective buyer recognizes two conflicting desires: he wants the article and he wants the money. Though he in-

tends eventually to satisfy his want for the article, if he voluntarily postpones the satisfaction of that want, he recognizes that at the moment he wants the money more than he wants the article. Similarly, if the prospective seller voluntarily postpones the satisfaction of his want for money, he recognizes that at the moment he wants the money less than he wants the article.

The prospective buyer wants a low price; the prospective seller wants a high price. These two desires conflict, and until they meet there is no exchange. For instance, one man offers forty dollars; the other asks sixty. One or the other must yield all the difference, or each must yield a little. They cannot agree—there will not be an exchange—unless there is some price which appears advantageous to each. This is possible merely because men's wants differ.

If two men want the same article, they will bid one against the other until one gives up the contest. The man who quits bidding does so either because at the moment he wants the amount specified more than he wants the article, or because for one reason or another he cannot bid more. In this instance also, the price is determined by desire and the ability to satisfy desire. *The same principle applies regardless of how many men want the article.*

Similarly, if two men own like articles, and there is one prospective buyer, there will be competition between the owners, and the prices asked will be lowered until one gives up the contest. Unless there is some restraint upon his actions, the man who drops out of the contest does so because at the moment he wants the amount specified less than he wants the article. *The same principle applies regardless of the number of would-be sellers.*

In all instances, price reflects the point at which the desires of buyer and seller meet, because otherwise there would be no trade.

In all instances, when prospective buyers compete, those who withdraw from the contest do so either because at the moment they want the article less than they want the amount specified or because they are not able to satisfy their want.

Likewise, in all instances, when prospective sellers compete, those who voluntarily withdraw from the contest do so because at the moment they want the amount specified less than they want the article.

In the final analysis, therefore, the factors which determine prices are desires and ability to satisfy desires. (All form of restraint or compulsion, whether legal or otherwise, would effect the ability to satisfy desires. This phase of the subject will be considered in its logical order.)

Living costs, then, might be reduced in three ways: (a) by lessening the desires of prospective buyers, (b) by increasing the desires of prospective sellers, or (c) by lessening the ability of prospective buyers or sellers to satisfy their wants.

Desires do not ordinarily respond to commands. Frequently restraint increases desire. For instance, a person in authority over you might say: "You shall not eat!" The command would not satisfy your hunger—your desire for food. Or, a legislative body might enact a law forbidding the use of cloth and prescribing that men and women should cover their nakedness with paper instead. If that law could be enforced, the desire for warm clothing would not have been removed. In fact, that desire would be stronger than ever. If, however, after men had been forced to abandon the use of cloth, they learned that paper actually gave better satisfaction, then the desire for cloth might gradually disappear.

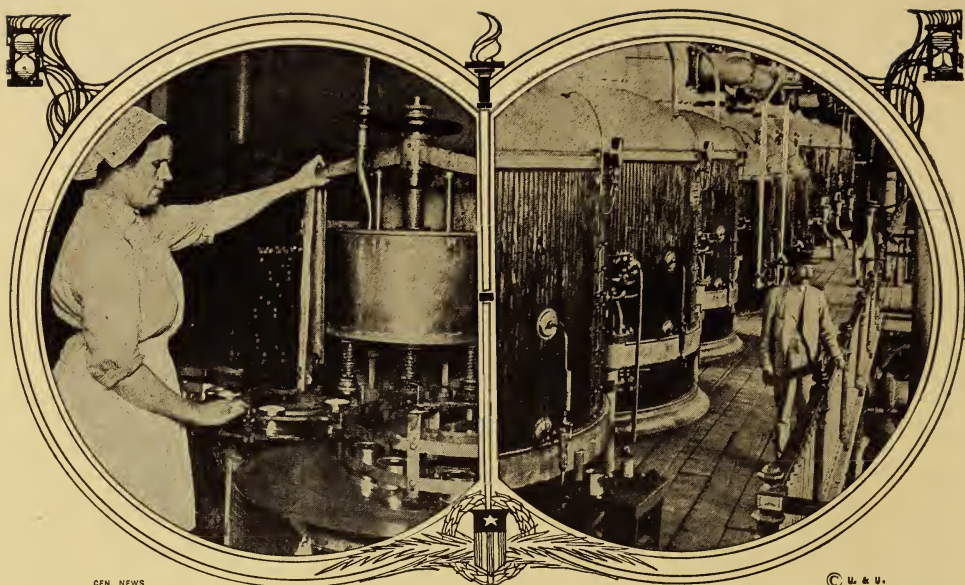
It should be apparent, therefore, that desires require indirect treatment, and that the exercise of authority should not be considered except in connection with the third

possible way of reducing living costs, i. e., lessening the ability of prospective buyers or sellers to satisfy their wants.

There are three possible reasons for the desire of a prospective buyer. Whatever is being bought, the buyer wants it for his own use, for the use of some one associated with him or because he believes some one else wants it or will want it. Every purchase, whether of things or of direct service, can be explained by one or more of these reasons. Confusion of ideas is sometimes occasioned by considering "necessities" and luxuries as essentially different, or by drawing a distinction between the "practical" and the esthetic. There are differences, of course, as there are differences between a boy and a man, but no basic difference. They blend one into the other. What is considered a "necessity" by one would be regarded a luxury by another, and what would be spurned by one as merely esthetic would be defended as "practical" by another. The "luxury" of yesterday is the "necessity" of to-day, and men are realizing more and more that the beautiful, the esthetic, has a real place in human life. To avoid confusion in considering living costs, all of these "side" questions should be reduced to terms of desire. It should be constantly borne in mind that in *all* instances prices reflect *desires* and ability to satisfy desires.

The first two possible reasons for the desire of a prospective buyer are closely allied, and may properly be considered together. In those two instances, the things which are being bought are wanted for the personal use of the buyer or of his associates.

A man's capacity to use anything is limited. There is a limit, for instance, to the amount of food he can consume. Obviously, when a man is hungry his desire for food is greater than when his stomach is full. The same principle can be applied to every article involved in



GEN. NEWS

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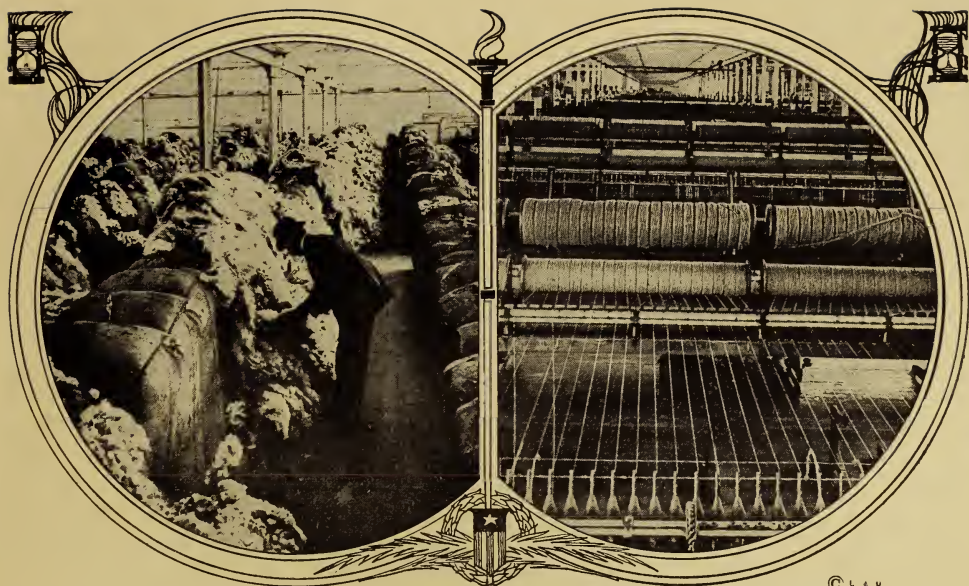
More extensive use of machinery in the preparation and preservation of food products tends to lower living costs by increasing production and by eliminating waste. On the left is shown a machine used in filling cans with pork, beans and tomato sauce; on the right are pictured vacuum vats in a modern cane sugar mill. In these vats the sugar is cooked before going in the centrifugal machines where it is separated from the molasses and dried.

"living costs." Man's consumptive capacity varies, but is always limited. Perhaps in the majority of instances, his desire to consume tends to decrease as he approaches the limit of his capacity, but it is doubtful whether any definite rule could be laid along these lines. At least, this is true: when a man has consumed all that he can consume of any specific thing, his desire to consume more of that thing is, for the moment, so small as to be disregarded. So, if his associates likewise have consumed to the limit of their capacity, and he still buys more, it must be because he wants it for future use or because he believes some one else wants it or will want it. These two reasons are virtually one. If he does not believe that some one else might want a certain article by the time he himself wants it for immediate use, his desire for it will not be sufficient to induce him to buy. In other words, if his immediate wants are satisfied, he will not anticipate his future wants unless he likewise anticipates some difficulty in satisfying his wants as they arise. If, so far as he

knows, others have likewise consumed to the limit of their capacity, and there is no apparent reason to believe that available supplies will not be sufficient to meet the demands as they arise, he is not apt to anticipate difficulty in satisfying his own future wants. Under such circumstances, about the only other reason for buying would be the hope of making a profit, and of course there would be no basis for such hope unless he believed that some one else would want the article or articles.

Buyers, then, may be put into two classes: first, those who buy for consumption; second, those who buy for resale.

A sure way to remove the buying desires of men in the first class is to satisfy their consumptive desires; a sure way to lessen the *aggregate* buying desire of this class is to satisfy the consumptive desires of a larger number of men in this class. If the consumptive desires of all in this class could be satisfied, then their buying desires would be removed, and new buying desires would arise only as there were new consumptive desires.



Extraordinary progress in the art of making clothing has been due largely to the introduction of modern machinery. There are Americans still living who in their youth wore home-spun garments habitually, but few of us fully appreciate the advantages now enjoyed as a result of quantity production. On the left is pictured a wool showroom, and on the right is a general view of a spinning-room in a New England woolen mill.

The above statements apply to all and each of the articles involved in living costs. They apply to major desires and to minor desires. The desire for food, and the desire for clothing would be classed as major desires; the desire for wheat and the desire for wool would be classed as minor desires.

It frequently happens that a minor desire can be lessened or removed entirely by satisfying another minor desire. For instance, by cultivating a desire for corn, you tend to lessen the desire for wheat, because if the desire for food is partly satisfied with corn, then there is less consumptive capacity for wheat, and consequently less desire for wheat. This might be termed the substitution of desires, and it plays an important part in keeping living costs within bounds. As men learn a greater variety of ways in which their major desires can be satisfied, they are apt to choose the less expensive, because few men are indifferent to the cost of things. As the desires of men concentrate on one product, the price is apt to rise, and as the price rises, an increasing num-

ber of men choose cheaper products which also will satisfy their major desires. The concentration of desires is broken up, and one reason for the advance in price is removed. Because of this substitution, this shifting of minor desires, some balance is preserved between the prices of various products, and abnormal price advances are less apt to occur.

Buyers of the other class—those who buy for resale—are impelled in practically all instances by the expectation of eventual profit, either directly or indirectly. The greater the profit expected, the greater will be their desire to buy. If the consumptive desires of the other class of buyers are quite generally satisfied, and there is no apparent reason to believe that available supplies will not be sufficient to meet the demands as they arise, a large profit will not be expected. On the other hand, if the prospective buyer for resale believes that consumptive wants are or will be much greater than available supplies he will expect a large profit. So, as his expectation of profit is the basis of his desire to buy, it follows that the buying desires of the resale

class will be lessened by satisfying the consumptive desires of a larger number of men in the consuming class.

The considerations influencing buyers of the resale class are similar to those influencing prospective sellers, because buyers of that class are likewise prospective sellers. Although the prospective seller wants a high price, he knows that he cannot effect a sale until his desires meet the desires of a prospective buyer, who wants a low price. Assuming that he is not under restraint or compulsion, he is apt to sell at once if he believes that the desires of buyers will decrease, and he is apt to delay his sale if he believes the desires of buyers will increase. In other words, he is *apt* to be controlled in his actions by his belief as to whether prices will decline or advance, but there may be other controlling factors. For instance, he may need money, and if that need is great enough to cause him to want money more than he wants the article, he will sell at the price offered even though he may believe that by delaying the satisfaction of his want for money he could obtain a larger amount. (It should be observed, in passing, that the influence of needs is indirect; they affect prices merely by affecting desires. A man might need meat, for instance, but if he had no desire for meat, his need would not affect meat prices.)

In this connection the significance of the term "available supplies" should not be overlooked. Production might be abundant, but if distributing facilities were lacking, or if the owners of products refused to sell, then *available* supplies might be small. A prospective seller may believe that by withholding his products from the market he might so reduce the available supplies as to increase the price, and he could withhold his products until his need for money became so urgent as to cause his desire for money to exceed his desire to retain the products. If his

action of withholding did cause an advance in price, then the expectation of profit would induce others to increase their production, and their production would have a double effect, first of retarding the advance in price by satisfying consumptive desires, and second of making the withholder uncertain as to whether prices could advance much farther. Eventually, the increased productive capacity which the withholder helped to bring about would bring a reaction to a price level lower than would otherwise have been probable. This, of course, would benefit the consumer.

The temporary advance in price which might be engineered in this way would have comparatively little effect upon the cost of living, because under modern conditions it would not prevent the satisfaction of major desires. A group of men, for instance, might temporarily "corner" a food product, but could not "corner" all food. The desire for the affected product would be a minor desire, and as the price of that product advanced, consumers would satisfy their major desire for food by other and cheaper products. Substitution of desires would defeat the object of the "corner," and each succeeding attempt to force an abnormal advance in price would be more difficult, because each time consumers would learn new ways of satisfying their desire for food. The consumer is protected by the fact that there is a known substitute for almost every product, and by the probability that additional substitutes would be found if a demand arose.

From the above review it should be apparent that so far as the first two ways of reducing living costs are concerned, chief importance must be attached to satisfying consumptive desires, as this will not only lessen the desires of prospective buyers but also it will increase the desires of prospective sellers, whether those sellers are producers

or have bought for resale. This means that production must increase more rapidly than consumptive desires, and that facilities for distribution must be improved and extended at a rate to keep pace with production. At present better distribution is needed more urgently than increased production, because a big percentage of food products never reach the consumer. Reduce waste by improving distribution facilities and methods, and you increase available supplies. This would tend to lower living costs, but to produce what cannot be distributed is to increase waste, and this would tend to increase living costs.

When a plan or measure is suggested as an aid in reducing living costs, the citizen should ask himself the following questions:

Will this plan tend to improve or extend distributing facilities or methods?

Will it tend to increase production of things which can be distributed and are desired for consumption?

Will it tend to encourage the "substitution of minor desires"?

Will it tend to increase the confidence of consumers that they will have no difficulty in satisfying their future consumptive desires?

If he should answer these questions in the affirmative, he would be warranted in assuming that the plan would tend to reduce living costs—unless it would affect the ability of prospective buyers or sellers to satisfy their desires.

The ability of prospective buyers or sellers to satisfy their desires could be lessened in three ways: first by reducing available supplies, second by reducing their income, and third by restraining or compelling their actions.

Obviously, any plan which would tend to reduce available supplies of things involved in the cost of living would in the same degree tend to increase the cost of living.

To reduce the incomes of prospective buyers would lessen their ability to satisfy their buying desires, but as practically all buying desires are based in the final analysis upon consumptive desires (the desire to use something), and as consumptive desires are practically limited by consumptive capacity, it follows that the income of more than a few consumers must be reduced if the cost of living is to be affected in this way. Resorting to this method, however, would set at work a counter influence. A plan that would tend to decrease the ability of consumers to buy, would tend also to temper the enthusiasm of producers, by creating in their minds uncertainty as to whether buying ability will be sufficient to warrant them in trying to increase their production. The result might be that this counter influence would actually increase living costs in spite of the reduction of incomes. This method, then, might prove a boomerang, and as that result would be possible, whether it is regarded as probable or not, the obvious conclusion is that to attempt this method is at least fraught with danger. (Ways of reducing incomes will be discussed in a subsequent article.)

There remains for consideration the third method of lessening the ability of prospective buyers or sellers to satisfy their desires. Many, if not all, forms of restraint or compulsion involve questions of paternalism, of socialism or of cooperative individualism, and this phase of the subject will be discussed more fully in the next article.





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Production increases rapidly as a result of accumulated wealth. The work of hands is as necessary to-day as before the advent of machinery, but the proportion of work performed by machinery is constantly growing. Machinery is one form of accumulated wealth, and is well typified by the mammoth ore buckets here pictured. The buckets are moved by cranes; the cranes are driven by power which man has harnessed, and the whole is directed and controlled by human intelligence.

✻ Socialistic Tendencies ✻



Melting bronze in a pot heated by oil and moved by a traveling crane.



It is easy to go far afield in considering how living costs can be reduced. In order to avoid being lost in a maze of argument where paths of thought lead only to further confusion, the student should refuse to be diverted from the straight path of logic until he has traced the fundamental principles from beginning to end. After he has done this, he may follow other paths with little danger of stumbling into false conclusions or of wandering finally into a jungle of conflicting theories and fruitless discontent.

In the preceding articles of this series, it was shown that in the final analysis the factors which determine prices in every instance are desires and ability to satisfy desires, and that living costs might be reduced in three ways: (a) by lessening the desires of prospective buyers, (b) by increasing the desires of prospective sellers, or (c) by lessening the ability of prospective buyers or sellers to satisfy their wants. It was shown

also that so far as the first two ways are concerned, chief importance must be attached to satisfying consumptive desires, as this will not only lessen the desires of prospective buyers, but will also increase the desires of prospective sellers, whether those sellers are producers or have bought for resale. The practical conclusion was that production must increase more rapidly than consumptive desires, and that facilities for distribution must be improved and extended at a rate to keep pace with production.

Of the three ways in which to lessen the ability of prospective buyers or sellers to satisfy their wants, two were eliminated; the first being obviously calculated to increase living costs rather than to reduce them, and the second possessing the qualities of a boomerang. There remained for consideration the various possible forms of restraint and compulsion, legal and otherwise. Merely to catalogue these various forms would require an excessive use of space, but the principles un-

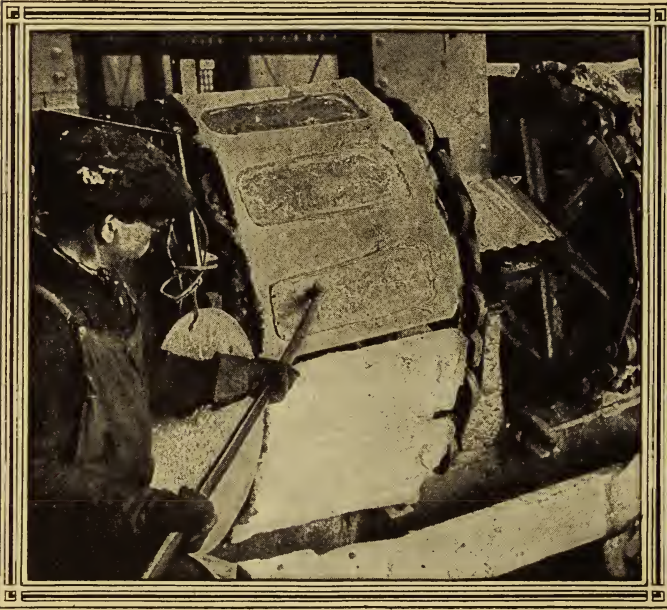
derlying all of them come naturally within the scope of this article.

Emphasis should first be placed upon the fact that production and distribution are essential, because no power can compel a man to sell at any price or to give away that which he has not and cannot obtain. If, for instance, there were no wheat, it would be idle even for an absolute ruler to proclaim that wheat must be sold at five cents a bushel. Production and distribution are actually the primary consideration; so, whatever form of re-

individuals would probably not be directing their energies into useful channels had there not originally been some other incentive which caused them to form the habit of working, and thereby to learn its pleasure.

Others find sufficient incentive in what might be referred to as the "creative instinct"—the desire to construct something. But there are few, indeed, who would derive much pleasure from constructing something which they knew could never be seen or appreciated by others.

It is almost a self-evident proposition that whatever the incentive, it must be something desired, because if it were not desired it would not be an incentive. There is the desire for adequate nourishment, for clothing and for a place that can be called home. Similar to it is the desire for luxury and for the indulgence of any or all of the "five" senses. Any desire which may be satisfied by the service of physical things or by direct human service



"Pigs" are removed from one belt conveyor and dropped directly to a lower conveyor, which carries them through cooling troughs. © U. S. U.

straint or compulsion is suggested, the first question to ask is whether it would retard production or distribution. If it would tend to retard production or distribution, it would tend also in the same degree to *increase* living costs.

Production and distribution require human effort, physical and mental. Human beings normally do not exert themselves unless there is some incentive to effort. Some work for the sheer joy of working. For them a sufficient incentive is the pleasure of exercising their muscles or their brains. Even these rare

(i. e., any desire which may be satisfied by or through the possession of wealth, as defined in previous articles) should be classed as a desire for wealth, whether the desire is for great wealth or merely for enough wealth to keep the "wolf from the door."

Incentives which could not be described as desires for wealth may be grouped together as desires for appreciation—for the approbation of friends or the applause of multitudes. In this group could not be included the two minor incentives first mentioned, but it is safe to say

that all major incentives—those affecting a relatively large number of individuals—may be referred to accurately as desires for wealth or else as desires for appreciation.

If it were possible to remove *all* incentive to effort, there would soon be no production, unless men could be compelled to labor. Similarly, effort will decrease as incentive is lessened, unless compulsion takes the place of incentive.

The word compulsion, as here used, does not refer to the compulsion of circumstances. It might be said that a certain man is "compelled" to labor by the necessity of feeding himself, but it would be more correct to say that he is "impelled" by the *desire* to feed himself. His is not an instance of compulsion; he labors because he has an incentive to labor. He is free to choose whether he shall remain unfed or whether he shall labor in response to his incentive. It is not necessary at this point to argue whether he should or should not have

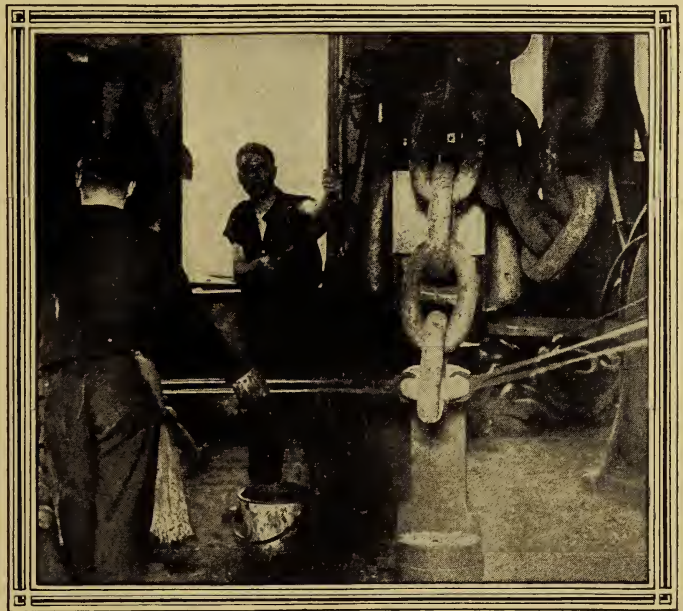
such freedom of choice. The fact to be pointed out here is that if he were denied this freedom of choice, his liberty would, to that extent, be curtailed and consequently he would not actually be a free man. So, instead of saying as above that "effort will decrease as incentive is lessened, unless compulsion takes the place of incentive," it is proper to say that *so long as we are actually free*, effort will decrease as incentive is lessened.

Many, perhaps all, human beings are impelled by both the desire for wealth and the desire for appreci-

ation. Consequently, so long as we are actually free, any proposal which would remove or lessen either of these incentives, without a corresponding increase in the other, would increase living costs.

There are two ways to take from any desire its impelling effect: satisfy the desire, or remove the possibility of attaining it.

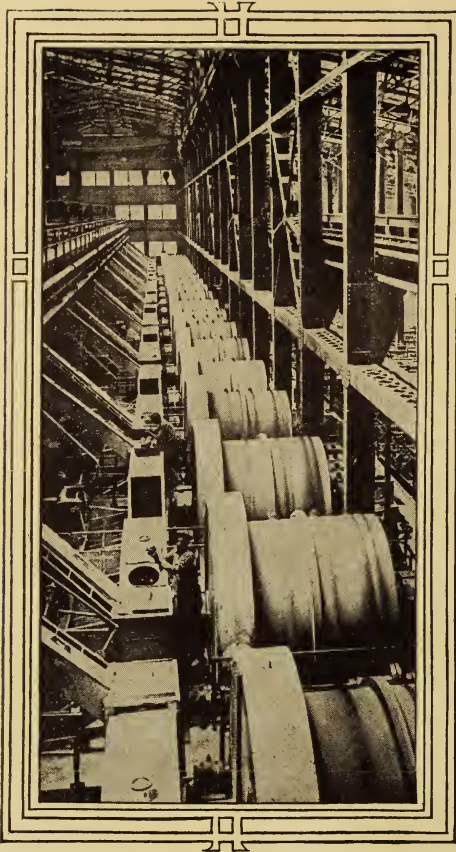
All who are impelled by desire for wealth might be grouped loosely into two classes—those whose impelling desire is merely for enough wealth to keep them and theirs in



Machinery and intense heat, in addition to the labor of hands, are required in joining together the links of great chains. © PUB. PHOTO.

comfort, and those whose impelling desire is for greater and ever greater wealth. There is no sharp division between these groups. A man may be impelled by a desire for enough wealth to keep himself and family in comfort, but when that desire is satisfied he is apt to want a little more. In other words, when a man's desire for a certain amount of wealth is satisfied, a new desire is apt to arise—a desire for more wealth.

This is not true in all instances. Although many will always desire more than they have, others are sat-



Copper ore is pulverized by ball mills on its way from concentration tables to the smelters. The men seen in the picture are merely readjusting some of the balls which reduce the ore to dust.



The power of Niagara Falls is harnessed and put to work in the service of man's wants.

Socialistic proposals vary in degree but they all tend in the same direction; some of their advocates would go all the way, while others would venture only part of the journey.

The effect of these proposals is easily shown. Consider first the individual who would not be impelled to effort by a desire for more than the bare comforts of life. As the scope of his desire is constant, if any part is guaranteed to him, his incentive is lessened. Consequently, the first aim of socialistic proposals would lessen the wealth incentive, in proportion to the number of individuals who would not be impelled by a desire for more than a specific amount of wealth.

Next, consider the individual whose desire for wealth is "elastic." As the desire is satisfied (or guaranteed) a new desire—a desire for more wealth—takes its place. His wealth incentive would not be lessened, so long as the new desires were equal to or exceeded in their impelling effect the desires which were satisfied or guaranteed. (It may be well to remark in passing that in the satisfaction of most, if not all, of the so-called esthetic desires some form of wealth is involved, because it is through the

isfied once they have the bare comforts of life—not entirely satisfied, perhaps, but their desire for more wealth is not sufficiently strong to impel them to increased effort.

Socialistic proposals—whether called by the name "Socialism," "Fabianism," "Collectivism," "Communism," "Paternalism," or by any other name—have this in common: Their ultimate aim is to assure to all at least the bare comforts of life or to prevent any from holding or enjoying "excessive" wealth.

There are, of course, various opinions as to what constitutes "excessive" wealth, but every socialistic proposal has one or both of these ultimate aims: to assure (or guarantee) something on the one hand, and to prevent (or restrict) something on the other hand.



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Small power truck with crane supplementing the work of hands at an industrial plant.

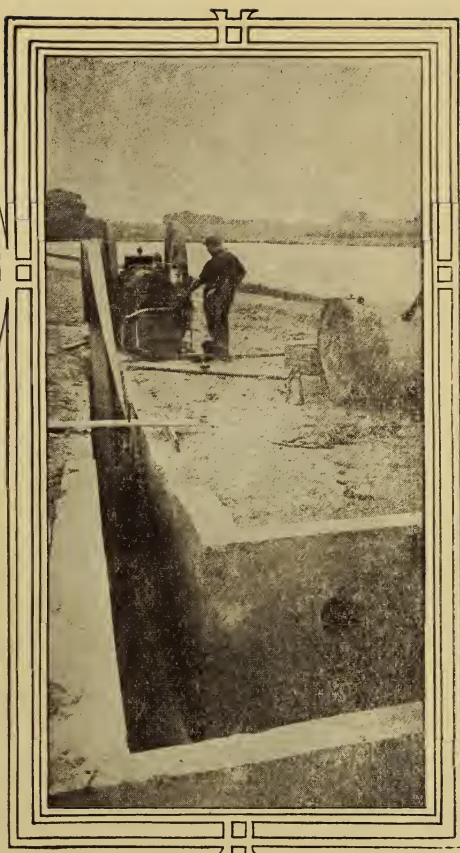
possession of wealth or through the exchange of evidences of wealth that most of man's wants are served.)

The second aim of socialistic proposals is restrictive. (Any proposal, the operation of which would involve arbitrary or negative action, is restrictive.) As you restrict the holding or enjoyment of wealth, you place a limit upon the impelling effect of new desires for wealth. In other words, the incentive of the second type of individual would be lessened as he approached this limit.

It should be remembered that large numbers of individuals already have more than sufficient wealth to keep the wolf from the door, and are impelled to effort by a desire for great wealth. In other words, there are some whose incentive would be lessened by the second aim of socialistic proposals, regardless of how moderate those proposals might be.

The incentive of wealth, therefore, is necessarily caught between the lower and upper millstones of socialistic aims, and however gradually those millstones approach, there is an increasing number of individuals for whom *this* incentive to effort is lessened.

In summary, then, it may be



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A gasoline engine used to pump irrigation water into overhead spray pipes on a big truck garden. The pump is in the concrete well-pit in the foreground.

stated, that unless there can be proportionate increase in the desire for appreciation, the tendency of any socialistic proposal, so long as we are actually free, is to lessen the aggregate of human effort; and because production and distribution are the fruits of human effort, as you lessen human effort you necessarily forego the fruits of the effort which is not made; so, the tendency of any socialistic proposal is to retard production or distribution, which is a tendency to increase living costs instead of to reduce them.

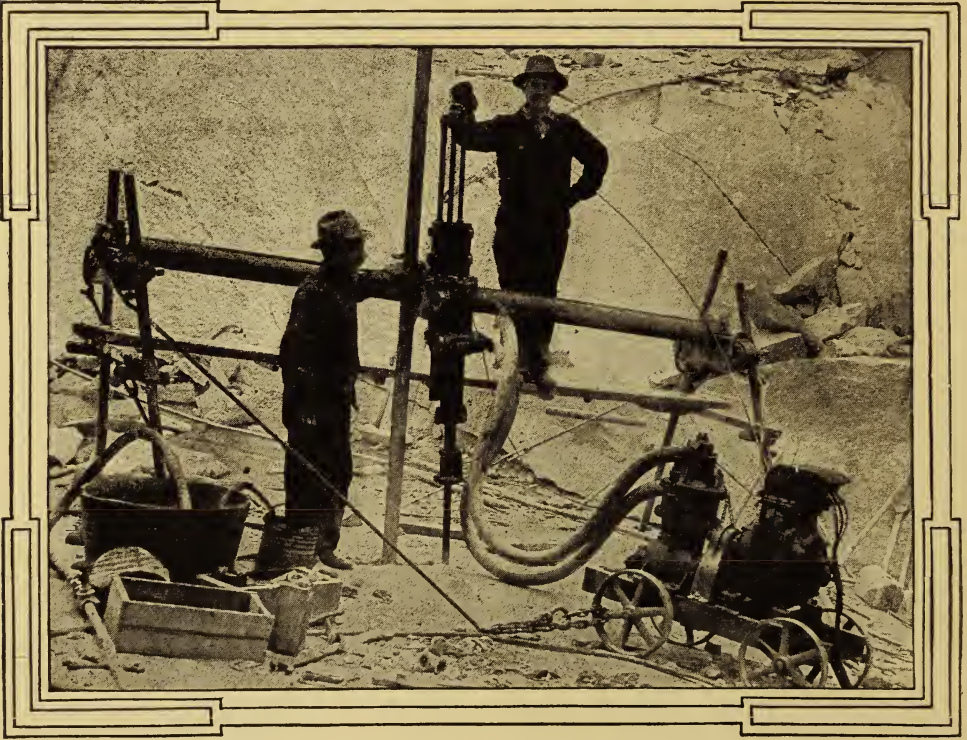
On the other hand, it is contended that compulsion may properly take the place of incentive.

In the Declaration of Independence the opinion was set forth that among man's unalienable rights are "life, liberty and the pursuit of happiness." The word "liberty"

embraces all three, but the third defines with pleasing exactness one of the most important phases of liberty.

Fundamentally, all human beings have the same rights; none has more rights than another. The word rights is here used in its true sense; it does not refer to the "rights" granted to a man by others. Whether a right is granted or withheld by law or custom, it is still a right—it is inherent, unalienable.

man lives entirely to himself. What each man does has some effect, sooner or later, upon the rest. So it frequently happens that two men feel aggrieved one against the other. Each sees that the actions of the other are affecting him, and each believes that the other is invading his rights. Possibly each is honest in his belief. Their difference of opinion results from their faulty conception of what constitutes free-



Power drill at a quarry in Vermont.

PUB. PHOTO.

A man may believe that one of his true rights is liberty, and be entirely correct in this belief, and still his conception of what liberty is may be wrong. Any man's right ceases to be a true right when it invades the right of another, because a true right is equal; no human being's right is greater than the right of another. Every human being should be entirely free, *up to the point where another's freedom should begin*. Here is where the big difficulties arise, because in these days no

dom. *When two men cannot reconcile their conceptions of freedom, one or both must be wrong.* As it is natural for each to believe the other is wrong, all who sincerely want to be fair will study the question, and will listen with open mind to the arguments of those holding contrary beliefs.

In this connection, the phrase, "pursuit of happiness" is significant. It would be futile to attempt to guarantee happiness to all individuals, because some would not be

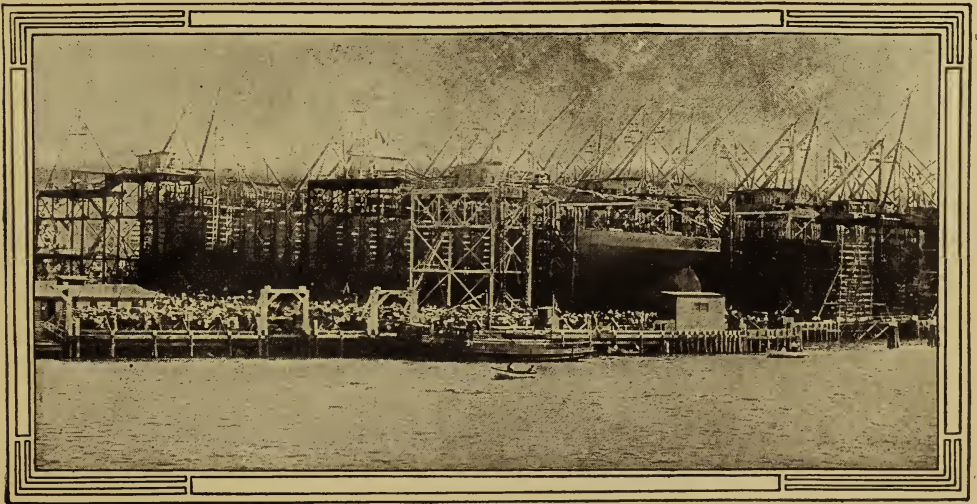
happy whatever their advantages. Happiness is entirely personal; it is intangible and cannot be bought or sold. It is not a function of government to attempt to *guarantee happiness*, but it is a function of government to guarantee liberty in the *pursuit* of happiness. It is a function of government to defend each citizen's liberty to pursue happiness. When it *compels* any man to pursue happiness, it ceases to be a government of free men, whether that government is called a democracy, a republic, a monarchy, a bureaucracy, or a communistic state. Its citizens may be partly free, but part of their unalienable right to liberty is denied them. When a government seeks to hand happiness, as on a platter, to its citizens, as it would seek to do by guaranteeing any amount of wealth or by restricting in any degree the holding or enjoying of wealth, it becomes to that extent socialistic, regardless of its name; and the socialistic tendency as already shown is to lessen the wealth incentive.

It follows inevitably that if we are to have a government of free men, the tendency of every socialistic proposal would be to *increase* living costs, unless the incentive of a desire for appreciation could be

increased in proportion to the decrease in the wealth incentive. It would be difficult to prove definitely whether this could or could not be done, but this statement is almost self-evident: the individual who is not now impelled to effort by a desire for appreciation would not be so impelled under a socialistic state, and the individual who is already so impelled would have no reason to desire appreciation more under a socialistic order than he has now.

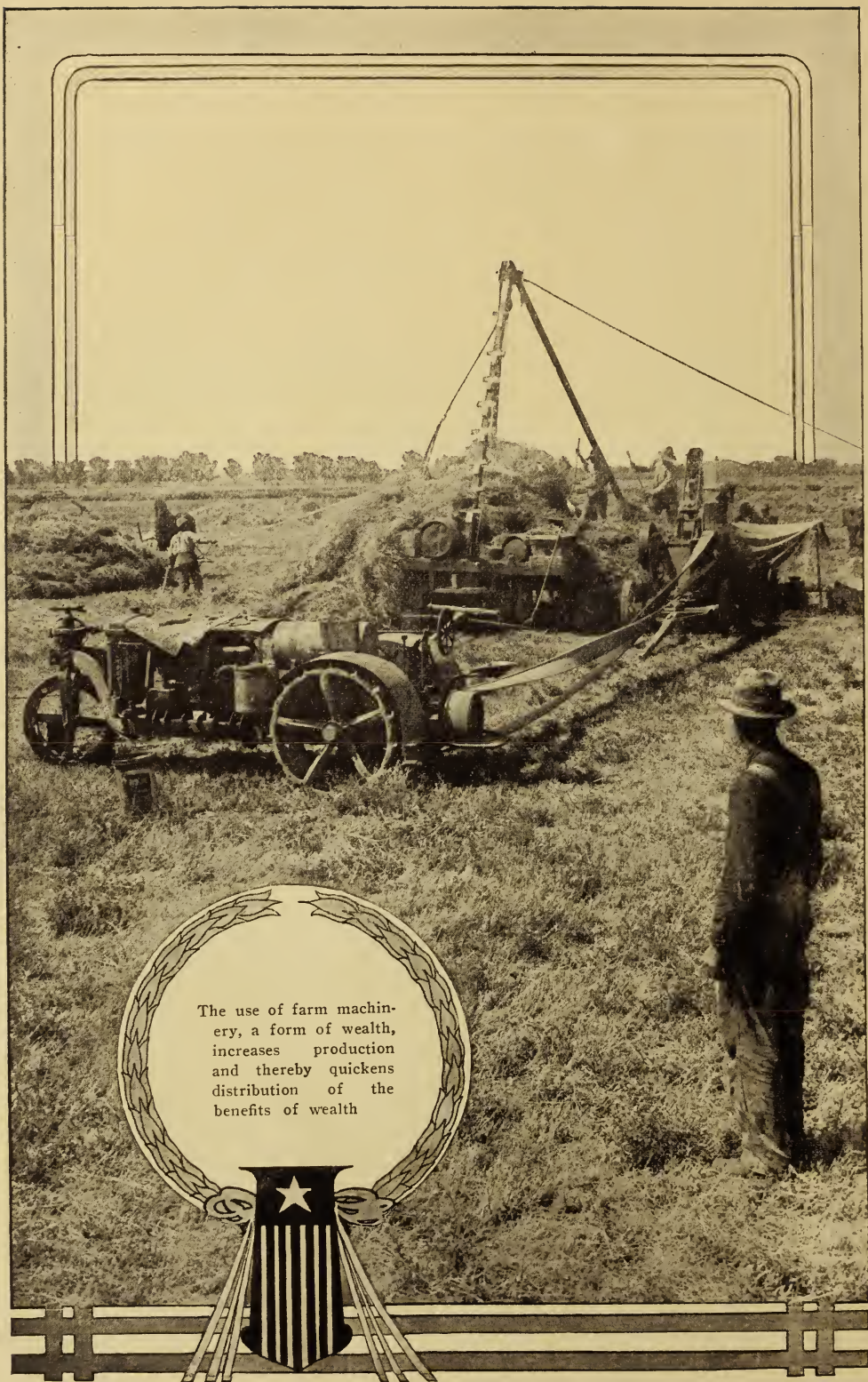
If this be accepted as true, there can be no modification of the statement that the tendency of *every* socialistic proposal would be toward higher living costs. The effect of this tendency might not be immediately apparent, because many factors are in the balance. The conclusion to be remembered is that each socialistic proposal, regardless of the sincerity and goodness of its advocates, is a weight on the wrong side of the scale, and sooner or later will make the living problem more difficult.

It should not be inferred, however, that the just object of socialistic proposals—equitable distribution of wealth—cannot be attained. The ways in which equitable distribution can be attained will be discussed in the next article of the series.



PRESS ILL.

American ships nearing completion. If policies are adopted which will make it possible for American ship operators to compete with foreigners, these vessels will aid materially in lowering living costs.



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Distribution of Wealth



© D. E.



AMERICA is the greatest consuming nation. This means that the average man or woman in this country eats more, wears more clothes and enjoys greater conveniences; and that the average boy or girl is better nourished, undergoes fewer physical hardships and has a correspondingly better chance to develop and grow in body and mind.

A few illustrations may suffice to support this statement. Sugar is certainly not one of the first things the average individual craves when he is hungry. He is not apt to deprive himself of meat or bread in order to appease his "sweet tooth," nor would he go threadbare for that purpose. Many regard sugar as a necessary, but people in really straitened circumstances would not be expected to buy more than meagre quantities of it. The facts are that for every pound of sugar consumed by the average foreigner, the average American consumes about three and a third pounds! This statement is based upon official government statistics.

Similarly, for every pound of cotton consumed by the average foreigner, the average American consumes about four and a third pounds!



Complete figures showing wool production and consumption are not available, but there is ample justification for belief that such figures would lead to like conclusions. Though we live in a temperate climate, we consume normally about one pound of wool to every five pounds of cotton, and the average wool consumption for the entire country, including each man, woman and child, is about five pounds per capita per annum.

It should not be forgotten that any individual's consumptive capacity is limited. Regardless of a person's wealth, there is a limit, for instance, to the quantity of sugar he can consume, and though he might have several suits of clothes for each day of the year, his maximum consumption of garments would be insignificant when compared with the millions of garments consumed by the less wealthy. So, while per capita figures are not "true" averages, and though these estimates include waste, they come close to the actual facts about consumption, and show clearly that the standard of living in America is much higher than the



Milk may be bought by the quart, but the buyer is interested in more than the measure

standard of living in the rest of the world.

Apparently overlooking the real significance of this fact, many still attempt to gauge the cost of living by computing an index of prices. This popular fallacy dates from about the year 1764, when an Italian writer published a book in which he tried to explain how the purchasing power of money was affected by the discovery of America. The methods he used have been elabo-

rated and improved, but at best they are poor expedients.

It may seem a paradox, but it is nevertheless true that what we consume is a better index of the cost of living than any price index which has ever been computed.

The average individual, as he first steps from under the parental roof, does not have at his disposal any accumulated wealth, except a few clothes and possibly a few dollars in his pocket. All that he has to



Part of the service which Americans have come to demand is cleanliness in the handling of milk, and for that service some one must pay

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In Belgium—and these scenes could be duplicated in other countries—milk is ordinarily handled in a crude way and with little thought of cleanliness

offer is the energy of his body and mind. The same was true a generation ago, as it has been for centuries.

He has various wants which he plans to serve as best he can. He wants food and clothing, the comforts of modern living, amusement, companionship and eventually a home. In order to serve these and his other wants, he starts by serving the wants of others. Actually, all that he has to sell is service, and all

that he receives in return is service. He may be paid in money, but money is merely a token of a service performed, for which a service can be obtained in return. With money he may buy a commodity to consume, but he does not buy the commodity because he wants it as a commodity. What he wants is the service which that commodity has in store. It may be food, for instance. So long as it is a commodity it cannot satisfy his hunger. In



In America, efficiency is the watchword, and the handling of milk is not a makeshift enterprise



For milk to be taken direct from the farm to the consumer may have many advantages, but—

order to serve his want for food, he consumes the commodity, and it ceases to be a commodity. It has yielded up its store of service in its then existing form.

But he receives other kinds of service than those which commodities offer, and he receives service for which he does not pay directly in money, or for which he pays so little that he does not appreciate its value. He receives, for instance, the service of protection. He does not live in constant danger—as did his forefathers—of marauders and wild beasts; it is not necessary for him to spend his time and energy in defense of his liberty. How lightly this service of protection is apt to be valued, and yet like every other service it is one for which some one must pay!

He may want each day to be carried for one or two miles. He boards a trolley car and the service is performed for a few cents. The time was—and not so very long ago—when, in order to be carried in equal comfort and with the same rapidity, it would have been necessary for him to own and maintain a span of high-priced horses and a carriage specially made. Recently, an automobile ride was a rich man's luxury;

to-day the "jitney" is commonplace. Men may complain about the houses in which they live; the boards creak, the windows rattle and wind comes in through cracks. Their forefathers did not have creaking boards; instead, the floors were packed dirt. Their windows did not rattle, because they were merely openings in the walls, and the rich men hung heavy curtains over the walls in a vain effort to keep out the flurries of snow.

These are extreme comparisons, but they are needed as illustrations, because changes in our standard of living usually come so gradually that, regardless of what standard may be prevailing at the time, it is always possible to find men who firmly believe the world is "going to the dogs."

As the standard of living in America is much higher than the standard of living in the rest of the world, and as this means that the wants of the average American are more completely served, it follows that the average American receives more in service than the average foreigner. The cost of the service he receives is the service he performs. This is actually his "cost of living."



U. S. A.

The intermediate service of handling milk promotes the health of the community

Does the average American serve more than he did formerly? The answer of some would be an emphatic "yes," while others would as confidently say "no."

Suppose he is a farmer. Without the land, could the energy of his body and mind "produce" crops? He plows the field, but did he produce the plow? How much would the energy of his body and mind accomplish toward preparing the ground for seed if it were necessary for him to fashion his own implements? And how much time would he have for this occupation if he were not living in a land of security—if it were not for the service of protection which he receives?

Or suppose he works in a factory. He does his share in producing articles of commerce; and the factory's output, if divided equally between the workers engaged in that factory, would be great. This does not prove that the workers are large producers. Could a single worker produce unaided a like quantity of such articles? Could they collectively do it without tools, machinery, power, raw materials and convenient quarters? Did they produce the tools or the machinery? Did they mine and manufacture the iron

or steel or copper of which the tools were made? Did they produce the raw materials? Did they carry these materials to the place of manufacture? Did they produce the engines and boilers and the coal or oil used in generating power? Their sole contribution toward the production of these articles was the energy of their bodies and their minds; they merely added their service to services already accumulated. They were engaged with thousands of others in producing wealth. It was an enterprise in which a multitude of factors cooperated. Some of these factors were animate, some were inanimate. Wealth was being accumulated; potential service was being stored up. The energies of these men, coupled with the services stored in the tools and machinery, in the fuel and the raw materials, etc., resulted in large production, but most of that production resulted from services which were accumulated before these men began. This accumulated, potential service was wealth, and it was this wealth plus their energies which caused the factory's output.

These men were performing service—not for one man or for one group of men. They received



Watered milk is poured into the gutter while the inspector stands by. This gives some slight protection to consumers, but results in much waste

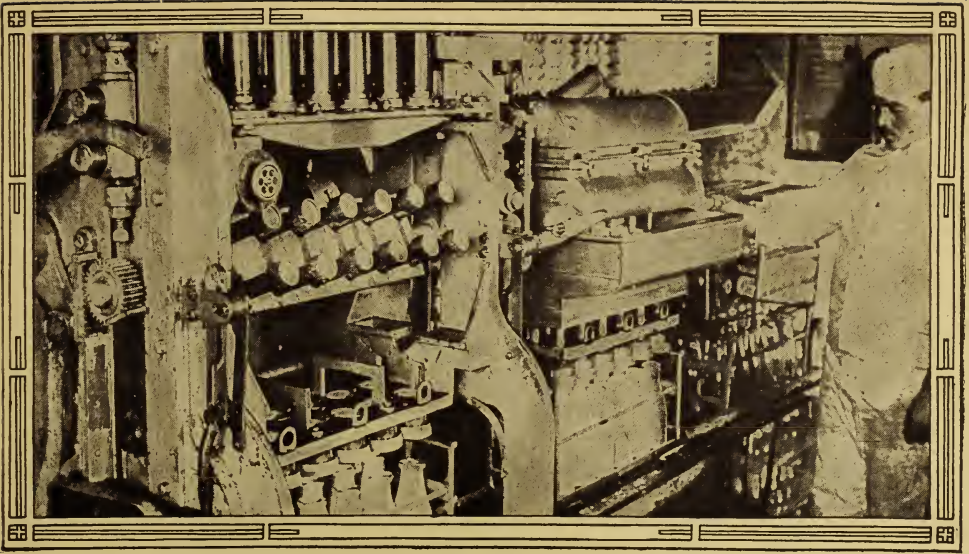
wages, perhaps, from a corporation, but the corporation was merely a link in a chain. It also was engaged in service—in the manufacture of articles which might serve the wants of human beings. If these articles did not actually serve human wants, the corporation could not hope to sell them, and consequently could not hope to continue in business. It was the corporation that bought the machinery, the engines and boilers, the fuel and the raw materials. The corporation did not produce them, but it had to pay those who did produce them. The payment was made in money, and the money represented some other services performed. The reason the money was available was that some one had saved, which means that some one produced more than he consumed. Capital, regardless of who owns it, is a token of accumulated wealth, and without accumulated wealth there would have been no factory.

As it is undeniably true that, apart from the wealth a man may possess, his only contribution toward production can be the energies of his body and mind, it is obvious that no man can be a producer except by the use of his energies. His

wealth may be productive, but he himself cannot be a producer unless his *energies* are directed into productive channels. Probably no one will deny that the average American is not stronger physically than the average American of a century ago. It is generally conceded that the human race is losing gradually some of its physical vigor. Certainly, the average American does not work such long hours as did his forefathers. In other words, he spends less time in serving, and even though he does his utmost during that time, he has not as much bodily energy to use.

But bodily strength is a poor index of the service a man can perform. An ox or an elephant is stronger than a man, but what service can he perform unless some man's mind directs his energies into useful channels? If their bodily strength is equal, the intelligent man can accomplish more than the unintelligent, because his mind is better able to direct the energies of his body. So, if the average American serves more than his forefathers served, it must be through the use of his mental energies.

Why is he mentally stronger?



The system of bottling milk in standard size containers by the aid of machinery has become more and more prevalent in America, because the service is thereby improved U. & U.

Did he educate himself? If, so, how? If he studied books, who produced the books? If he learned by observing others, was he not actually served by those he watched? Could he have learned as readily, if placed alone upon a desert island? Could he have learned as readily if he had been born of savage parents, untouched by the refining influence of educated generations? If he attended school, who paid for the school? Some one paid, and he was served thereby. Who taught him to operate complicated machinery? If he could neither read nor write—if he had no education of any sort—could he have learned to operate a loom, or drive an engine or forge a link of iron? The development of mental strength is a long, tedious process at best, but if a man is unaided he can accomplish little toward this end in a lifetime. This aid which he receives is service. He does not owe a single man for this service, or a single group of men. The service has come to him because of the cooperative effort of large numbers of other human beings, and though he may never pay for that service, he should at least refrain from claiming all the credit. If none

of us received more than his just deserts, many of us would receive much less than we have. Men who talk about "what the world owes them," should first reckon carefully what they owe the world. They owe the world *everything* they have and enjoy, except the things which they themselves could have produced if unaided by other men and stripped of all forms of accumulated wealth, such as clothing, tools, and buildings.

In partial and distorted recognition of this fact, men sometimes advocate stripping accumulated wealth from those who own it in larger quantities. They aspire after equitable distribution of wealth, but though the aspiration itself is worthy, this fact is not evidence that it can be attained in the manner suggested.

It has been shown that most of the advantages we enjoy are the results of accumulated wealth. If *any* are to enjoy these advantages, the store of accumulated wealth must not be depleted. A proposal intended to effect an equitable distribution of this store of accumulated wealth would result in no benefit to any if in the process of

distribution the accumulated wealth were lost.

Wealth cannot be made by magic. No state can legislate it into being. Sometimes it is remarked that if the owners of capital were unwilling to invest in an enterprise, the government instead could conduct it. How would the government go about the task? One way would be to pay in money for the equipment, the raw materials and the labor performed. Where would the government get this money? If the enterprise were self-supporting, the owners of capital would not have been unwilling to engage in it, but to be self-supporting it must earn enough to pay not only for operations, but also an adequate return on the capital invested, whether invested by the government or by private citizens. The deficit could be obtained by the government in the form of taxes, or it could seize what it required. Either course would result in injury to the average citizen. If the government found it necessary to make up the deficit by taxation, it would be conducting the enterprise not at cost but at less than cost. The government would be penalizing the efficiency of its citizens in order to meet the cost of its own inefficiency. This would discourage the efficient producers, and if continued would kill competition and throw all enterprise upon the government. Though the process would require a longer period, the result eventually would be practically the same as that of seizure.

To seize capital is to seize the token of accumulated wealth. The effect would be twofold. First, an incentive would be placed upon the hoarding of wealth in order to escape seizure, and when wealth is hoarded it is not engaged in serving the wants of mankind. Second, the incentive to accumulate wealth would be practically removed, because the individual would see no advantage in accumulating what would be seized, and with this incentive removed there would be no

incentive to create more wealth than could be immediately consumed. This would be radical socialism, similar in effect to the Bolshevism which has wrought such terrible havoc in Russia.

As the individual citizen would not have the incentive to accumulate wealth, this incentive being taken away by the government, who would do the accumulating? The government itself cannot be a producer. Its wealth could produce, but the government itself could not contribute anything toward production because it has neither body nor mind. The power of the government rests upon the voluntary or involuntary consent of citizens. This power is administered by individuals, and unless those individuals were permitted to enjoy advantages which were denied other citizens, none of them would have the incentive to accumulate wealth. It might be contended that the citizens would insist upon the government accumulating wealth. But what would their insistence accomplish? The government cannot be of itself a producer, so the creating of wealth must be by individual effort, and with the incentive to accumulate wealth removed, the individual would have no incentive to create more than he could immediately consume. All could not do even this much. There is always a large proportion of human beings who are physically or mentally unable to produce as much as they consume. Let them be supported by the government? There would be two possible ways. The government could draw upon the store of accumulated wealth, or it could force individuals to labor. In the one case, the store of accumulated wealth would soon be depleted, so that *none* could enjoy its advantages. In the other case, the government would cease to be a government of free men, and would eventually be overthrown.

All this is based upon the several propositions proved in previous

articles and upon the one assumption which was not proved. That assumption was that "the individual who is not now impelled to effort by a desire for appreciation would not be so impelled under a socialistic state, and the individual who is already so impelled would have no reason to desire appreciation more under a socialistic order than he has now."

The efforts of individuals were involved in creating *all* of the existing store of wealth, and all of it

kind. One individual may have title to more of it than another, but he cannot benefit from having title to it without keeping it at work in the actual service of mankind.

Suppose that a certain individual has title to many millions of dollars of wealth. He does not have possession of millions of dollars of currency. He doubtless has a substantial balance in the bank, but the bulk of his fortune is invested in various properties, agricultural, mining, manufacturing or commercial. A



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Milk is easily spoiled. The canning of milk results in great saving, and this saving benefits the American public. Careful laboratory tests are made in order to prevent contamination

was *accumulated* originally by individuals. Large numbers of individuals produced more than they consumed. Their "surplus" production more than made up for the "deficit" of those who failed through youth, age, infirmity or laziness to produce as much as they consumed. They served themselves; they served those who were backward; and they stored up wealth for future benefit. This store of wealth, which embraces the cities, the factories, the railways, the thousand and one things which benefit individuals from one end of the country to the other, is merely a store of potential service to man-

proportion of the money he has on deposit in banks, and what moneys he may have invested in financial institutions, are likewise invested directly or indirectly in similar properties. In other words, the bulk of capital to which he holds title is merely the token of wealth which is being utilized not to serve him so much as to serve others. If he owned a railroad, would he be the sole passenger? Would the freight cars be used merely to carry his goods? If he owned a shirt factory, would he wear all the shirts? Would he consume all of the wheat and corn grown on his farms, and all the meat of his cattle and hogs?

Regardless of his wealth, his capacity to consume is limited, and if his wealth is great he cannot consume more than a small fraction of the service represented by a bare interest on his capital. It may be contended that as his interest was earned by his wealth, he should not be permitted to enjoy more than he himself produced. What then? Deny his right to enjoy accumulated wealth—deny his right to consume to the extent of his capacity—and you remove the incentive to accumulate wealth. This would strike at the very roots of progress, throwing us soon into a socialistic condition, which would result in depleting the existing stores of accumulated wealth so that *none* could enjoy them.

The title to wealth is not worth having unless the wealth itself can be used, and in the using of it large numbers of individuals are served. The wealth owned by one man may be serving millions of men, and it is to the interest of the owner of the wealth that those millions of men be well served. It is to *no* man's interest, however, to encourage competent individuals to consume more than they and their wealth produce. It is to *no* man's interest to encourage competent individuals to consume as much as they and their wealth produce.

Unless production exceeds consumption (this refers to service in the aggregate, not necessarily to those commodities which are comparatively unstable forms of wealth) there can be no further accumulation of wealth. It is by reason of accumulated wealth that the average American is now served better than his forefathers. It is by reason of accumulated wealth that the standard of living in America is so much

higher than the standard of living in the rest of the world. That standard of living is being maintained by the service which men can currently perform *coupled* with the service of the wealth which has been accumulated. Service must balance service. The average American is receiving more service, and it costs more in service; but the added cost, and more, is being met by the service of accumulated wealth.

A generation ago, no man or woman in the United States could have been served as well, in return for the energies of his body and mind. Certain specific services he could have obtained for less, but in the aggregate he could not have been so well served.

The title to wealth may not have been distributed in the manner some might wish, but the benefits of wealth—the service of wealth—is being distributed more and more by the working of natural processes. If men become impatient with the slow workings of natural processes, and attempt arbitrarily to force a more rapid change, the things which they try to distribute will be lost in the distribution—they will be lost as surely as a bubble is lost when touched by a child's grasping fingers.

The best thing for any man to learn is that he himself should be a producer; that he himself should save; that he should put his savings to work in the service of others so that he himself may be better served. This will quicken the distribution not only of wealth itself but also of the titles to wealth. No man will adopt this simple, prosaic plan without an individual incentive. In fact, individual desire is the cornerstone upon which to build any sound economic proposal.

(Some of the international phases of this question will be discussed in the next article of this series.)

A Nation of Individuals



Shaping kneaded clay or kaolin, the first step of porcelain making, as done by Orientals. In America, molding by machinery gives the much-needed volume of production



IN the year 1917, the average American family of five spent one hundred twenty-seven dollars for goods produced in foreign countries. Those goods did not all bear foreign labels, nor were they all bought in the forms imported; nevertheless, that was the average amount spent for the service of foreign goods.

Those who believe that the cost of living could be reduced by encouraging the importation of foreign goods may not know that for years our imports have been increasing rapidly. During the forty years ended with 1899, we paid more than twenty-two thousand million dollars for foreign goods. From 1900 to 1917, inclusive, we paid almost twenty-six thousand million dollars for foreign goods! In other words, we spent for this purpose in eighteen years several billions more than in the preceding forty years!

Commodity prices advanced rapidly in 1916 and 1917. In 1916, the average imports for each man,

woman and child in the country increased from \$16.20 to \$21.08, and in 1917 the figure jumped to \$25.40, both of these figures being the largest on record. Obviously, there is something wrong with a man's reasoning who believes commodity prices can be lowered by the simple expedient of encouraging foreigners to compete in our markets.

Every dollar spent for foreign goods benefits foreigners, but it does not follow that every dollar so spent handicaps Americans. In general, it may be stated that we benefit by buying from foreigners whatever we lack but need; we obtain an added benefit if we buy the materials in their crude state and manufacture them on our own soil. For instance, we need cordage, twine, jute and linen goods. If we import the fibers and grasses and do our own manufacturing, we pay to foreigners only about sixty-seven cents of each dollar of the total cost. About eighteen cents goes toward wages and salaries in our own country, there is a return of about eight cents on the capital required to make the manufacturing

possible, and about seven cents are left for miscellaneous expenses. In other words, about thirty-three per cent. of the cost is kept at home. This thirty-three per cent. provides a means of livelihood for thousands of Americans, even though the industry mentioned is comparatively small, and their expenditures help thousands of other Americans to earn their livelihood. Had the finished goods been imported, instead of the raw materials, this thirty-three per cent. would have gone to foreigners, and it would have been necessary for these thousands of Americans to find some other means of earning their daily bread.

The proportion of saving in other lines of manufacture is larger, the average at the time of the last census being about forty per cent. Of this forty per cent. more than half is paid in wages and salaries, about a quarter is available as a return on the capital invested, and the rest is consumed in miscellaneous expenses.

Fortunately, the proportion of raw materials imported has shown an upward trend for many years. In the year preceding the war, a third of our imports consisted of crude materials for use in manufacturing, an eighth consisted of food animals and other foodstuffs in crude condition, and a sixth consisted of manufactures for further use in manufacturing. A direct effect of the first item was steady employment for more than three hundred and fifty thousand American workers.

The consumer who buys an imported article sometimes forgets that for every dollar's worth, someone must send out of the country a dollar in gold or its equivalent. Each dollar is a token of a service performed for which a service can be obtained in return, and when a dol-

lar is sent abroad it means that some foreigner will have the right to demand from some American a dollar's worth of service. The problem is to pay this debt by sending abroad what we do not need, because if this cannot be done we must pay by sending abroad what we do need.

America leads the world as a cotton producer. We could not consume even half of the cotton we produce. The surplus we have sold to foreigners, and to that extent the country has benefited; but we could have benefited much more. In the ten years immediately preceding the war, foreigners paid us more than forty-eight hundred million dollars for raw cotton. Had we manufac-



Japanese preparing rice dough for crackers

tured the cotton first, they would have paid us about eighty-two hundred million dollars. In other words, there was about thirty-four hundred million dollars which was enjoyed by foreigners instead of by Americans, though we produced the cotton.

Could we have manufactured that cotton in America and sold the finished goods abroad, American pay-rolls during the period would have been increased nineteen hundred million dollars (again, for purposes of illustration, taking the latest census figures as a basis of calculation). Averaging that amazing total for the ten years, and assuming no increase in efficiency, this would have meant steady employment for more than four hundred

fifty thousand American workers! Though we have benefited by buying from foreigners raw materials to be used in manufactures, we have sacrificed much greater advantages by failing to manufacture our own surplus raw materials before selling them abroad.

To obtain these greater advantages, several things are necessary. Raw materials cannot be manufactured unless manufacturing plants are established. They cannot be established unless capital is invested. For the government to invest this capital would be socialistic, and as shown in previous articles, this would be injurious to men and women in all walks of life, and, if

product's source. If a given product is offered at a lower price by foreigners than by Americans, the foreigners will make the sale. The American must compete or go out of business; and he cannot compete successfully if he charges more than the foreigner for an equal service. Initially, therefore, foreign competition tends to lower prices.

If prices become so low that the return upon American capital ceases to be attractive, then no additional capital is invested in the affected industry, except possibly in the hope of protecting the investment already made. If the return on capital goes still lower, the capital already invested might be withdrawn at a loss, or be entirely wiped out.

Consequently, production of the affected articles would decrease or cease; this would increase the desires of buyers; it would leave the market entirely to foreigners, and prices would again advance. The effect would be cumulative, because our payments to foreigners would be increased, and the available store of



American dough-mixing machine assures cleanliness and efficiency

persisted in, would eventually prove disastrous. The necessary capital will not be invested by individuals unless the prospective return on the capital is attractive.

Return on capital might be increased in two ways: by increasing the price of finished goods, or by decreasing the unit cost of producing the goods.

It has just been shown that foreign competition does not necessarily cause a lowering of commodity prices. The reason for this is that foreign competition has conflicting tendencies. Under some circumstances it would force price reductions; under other circumstances it would result in price advances. Buyers seek the lowest price for a given product, regardless of the

wealth in America would be correspondingly lessened.

It should be obvious, therefore, that up to a certain point competitive selling by foreigners benefits the American consumer, but if the competition of foreigners becomes so keen that Americans can no longer compete successfully, then the American consumer is not benefited, but suffers instead.

Foreign competitors do not say to American industry: "Let us know when we are pressing you too hard, and we will step back until you have recovered." However desirable such an attitude might appear to be, cold facts should not be overlooked. Ideals will not satisfy our hunger, nor put clothes upon our backs. We may properly aspire toward an ideal-

istic international brotherhood of loving cooperation, but the war has not done away with realities, and whether we live in the year 1919 or in the year 2019, realities must always be confronted.

There are more than one hundred million men, women and children in America—more than one hundred million human realities who have real wants which cannot be satisfied without an abundance of real things!

In foreign countries, there are other millions who want real things. They know that ours is the best market for their surplus wares, and long before the armistice was signed they were making plans to enter our market and to compete with us in every other market of the world. This is not idle fancy; it is a plain statement of fact which will not be denied by any one who has taken the trouble to learn what has been and is being done in other lands; and those who prefer to shut their eyes to this fact are indulging themselves in a false and dangerous sense of security.

One of the most pointed reminders of this fact was given by Great Britain. Stringent restrictions, effective March 1, were placed upon the importation of many American products. The placing of these restrictions was recognized officially in this country as a praiseworthy measure calculated to restore British business conditions to a normal basis. It was praiseworthy because Great Britain should first protect the interests of Great Britain. She is carrying out the plans made during the war to increase her production to the maximum, to extend her leadership in ocean commerce by giving the best service for the least possible price, to improve her excellent financial system and to obtain control of the greatest possible quantities of raw materials throughout the world. A single excerpt from the report of a British committee will illustrate the situation: "If proper steps are taken it is reasonably certain that all



Primitive sewing machine used in Palestine. Note the inevitable oil can



Typical market scene in Jerusalem



Submitting to the barber in India



Interior of a clothing factory in America



"Free market" in Oakland, California



The American barber guards against disease

the cotton required by the British Empire can, in time, be grown within its own territories."

Similar plans have been made and are being carried out by France, by Italy, by Holland, by Spain, by Japan and by the Scandinavian peoples. Such efforts are commendable, because it is the first duty of any nation to protect its own interests. The commercial struggle which has already started need not be bitter, but it will certainly be stern.

Of all the hundreds of millions of human beings in the world, there is not one who has not his own individual wants. The best and surest way for each individual to obtain the means of satisfying his own wants is to serve the wants of others. It will be the best and surest way just so long as the world is inhabited by individuals. Commercial competition, therefore, is actually a competition in the service of the wants of individuals, and the greatest success will come to those who do the most in serving the wants of individuals. In the long run, those who serve least will be least served.

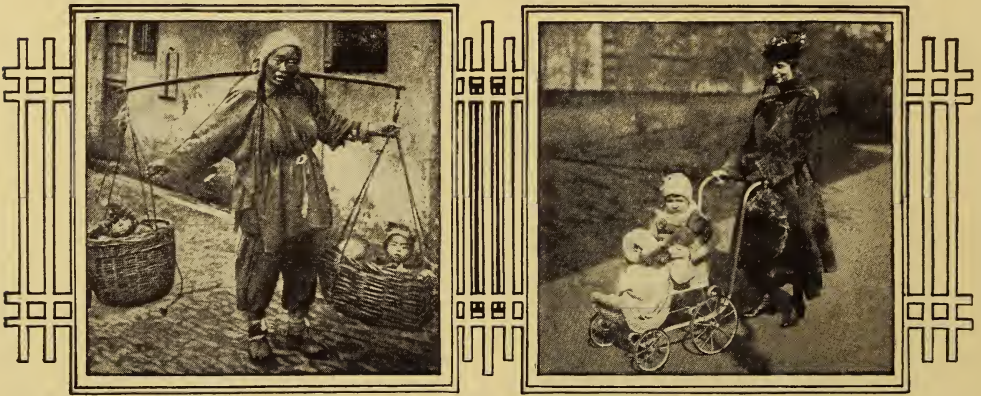
As we cannot defend our leadership by advancing our prices, we must do so by decreasing the unit cost of production. To do this by making the return on capital unattractive would be a no less serious blow at labor than to reduce the unit cost by underpaying labor. There is only one way it can be done satisfactorily and permanently—by increasing the efficiency of operation. Efficiency cannot be sufficiently increased by physical effort alone, any more than a nation of gorillas could become the world's industrial and commercial leader. It cannot be done by mental effort alone, because mental strength must have a medium of expression. The three things essential are brawn, brains and wealth, and the needed efficiency cannot be obtained unless these three factors cooperate. Wealth cannot be accumulated or created in adequate quantities unless individuals are

actuated by individual incentive. It cannot be created and accumulated in adequate quantities unless there is real cooperation between the individuals who possess these three factors. Without such cooperation we cannot defend our position against foreign competitors—we cannot even maintain our present standard of living.

It seems almost incredible, but it is nevertheless true, that here in America, in a land dedicated to human liberty, cooperation on the part of individuals who possess wealth and brains has actually been a crime in the eyes of the law, though similar penalties were not imposed upon

extent helping to destroy the leadership of America, and to make it more difficult for *all* Americans to obtain the good things of life. Any individual, who is anxious to obtain the maximum service for himself, will find that the quickest and surest way to attain this worthy ambition is first, to strive each day to make his own efforts most productive of service to others; second, to deny himself part of the service he might obtain, so that he may save, and by saving acquire wealth which he can put to work increasing the service he can perform.

National property must be based upon individual prosperity. Indi-



PHOTOS ON PAGES 51 TO 55 INC., © PRESS 151

Facilities for guarding the health and happiness of children, illustrate with a remarkable degree of accuracy the standards of living in various countries

those who had merely brawn and brains. Instead of protecting citizens from the abuses which sometimes grow out of the cooperative efforts of small groups of short-sighted individuals, the government has sought to prevent cooperation itself, though cooperation is the greatest possible safeguard of the American nation and of the American home. Cooperation will increase as individuals recognize that through cooperation their own individual wants will be best served.

Any individual, who does not do his utmost to produce, is throwing away advantages which he should gain and enjoy. Any individual who joins with others in an effort to lessen or retard production is to that

viduals never have been and never will be equal in their abilities. If those with greater abilities are not permitted to accumulate and to enjoy wealth, then the rate of production and of consumption alike will be lowered to the level of those with lesser abilities. Those with greater abilities can produce far more than they can consume, and what they cannot consume is added benefit to those less able to produce.

Every individual wants service. No individual can obtain as much service as he desires unless more wealth is accumulated. Consequently, any measure which tends to hamper the accumulation of wealth is as foolish as it would be to kill the goose to seize the golden egg.

THIS discussion could be elaborated through many volumes, but the elaboration would be largely an application of these principles to specific problems. Truth does not change, so if the statements herein made are true, they can and should be applied not merely to the questions of to-day, but also to those which will present themselves in our future social and economic evolution. In trying to decide what should be done, it is, unfortunately natural, for all of us to consider the immediate aspects of the case, almost to the exclusion of what went before and of the eventual consequences. We are all affected by what happened yesterday, and the influence of the things we do to-day will continue with more or less force indefinitely.

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